

## **APPENDIX 4D – HALF YEAR REPORT**

**PERIOD ENDED 31 DECEMBER 2011**

**CI RESOURCES LIMITED  
AND ITS CONTROLLED ENTITIES  
ACN 006 788 754**

### **Reporting Period**

This information should be read in conjunction with the 30 June 2011 annual financial report.

Current reporting period: 31 December 2011

Previous corresponding period: 31 December 2010

### **Results for announcement to the market**

**AUD  
\$'000's**

Revenue from continuing operations	up 53% to	87,395
Profit from ordinary activities after tax attributable to members	up 201% to	7,016
Net profit for the period Attributable to members	up 156% to	6,773

### **Earnings Per Share**

Basic and Diluted 9.63 cents

### **Dividends**

No dividends have been paid or declared during the interim period.

### **Significant changes in the state of affairs of the Company**

No significant changes took place during the period in the state of affairs of the consolidated entity.

**APPENDIX 4D – HALF YEAR REPORT (Continued)**

**PERIOD ENDED 31 DECEMBER 2011**

**CI RESOURCES LIMITED  
AND ITS CONTROLLED ENTITIES  
ACN 006 788 754**

**Net Tangible Asset Backing Per Security**

	<b>31 December 2011 \$'000's</b>	<b>31 December 2010 \$'000's</b>
Fully paid ordinary shares on issue at balance date	72,874,102	72,874,102
Net tangible asset backing per issued ordinary share as at balance date	\$0.55	\$0.46

**Compliance Statement**

The report is based on financial statements reviewed by the auditor, a copy of which is attached.

For and on behalf of the directors:



David Somerville  
Director

Dated: 29 February 2012

**CI Resources Limited**

**Half Year Report**

**For the half-year ended 31 December 2011**

# CI Resources Limited ACN 006 788 754

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## CI RESOURCES LIMITED

### Directors' report

Your directors present their half year report on the consolidated entity ("Group") consisting of CI Resources Limited ("CIF" or "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

#### Directors

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

Mr David Somerville (elected 28 November 2008)

Mr Tee Lip Sin (appointed 25 June 2007)

Mr Phuar Kong Seng (resigned 16 February 2012)

Prof. Anthony Brennan (appointed 29 January 2010)

Mr Tee Lip Jen (appointed 18 March 2011)

Adrian Gurgone (appointed 18 March 2011)

Mr Phua Siak Yeong (resigned 15 March 2011)

#### Dividends

No final dividend has been declared or paid.

#### Review of operations

##### *Financial Position*

At the end of the financial period the consolidated entity had net cash balances of \$42.460M (30 June 2011: \$30.523M) and net assets of \$89.443M (30 June 2011: \$76.784M).

Total liabilities amounted to \$70.217M (30 June 2011: \$76.882M), being trade and other creditors, borrowings and taxation liabilities.

##### *CI Resources Limited*

During the financial year CI Resources continued to acquire shares in Phosphate Resources Limited (PRL). During July 2011 CI Resources acquired a further 19,000 shares under the Creep provisions of the Corporations Act 2001, and as at 31 December 2011 was the largest shareholder in PRL holding a shareholding of 50.48%.

The Company is represented on the Board of PRL by Mr Tee Lip Sin and Mr Phuar Kong Seng (resigned 16 February 2012).

PRL reported a post-tax profit of \$14.263M for the half-year ended 31 December 2011 (31 December 2010: \$6.022m), and has paid one dividend during this period. The Company received a total dividend from PRL of \$0.691M (2010: \$0.471M) during the half-year.

The Consolidated Entity is reporting a profit attributable to members of \$7.016M for the half-year ended 31 December 2011 (31 December 2010: \$2.332M).

#### Earnings per share

	<b>December 2011 Cents</b>	<b>December 2010 Cents</b>
Basic earnings per share	9.63	3.20

**CI RESOURCES LIMITED**

**Directors' report**

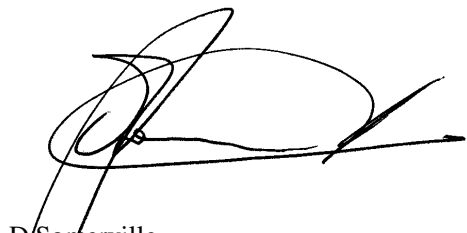
**Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

**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.

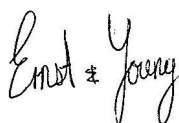
A handwritten signature in black ink, appearing to be 'D Somerville', written over a horizontal line.

D Somerville  
Chairman  
Perth, Western Australia

29 February 2012

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

In relation to our review of the financial report of CI Resources Limited for the half-year ended 31 December 2011, 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.

A stylized, handwritten signature of 'Ernst & Young' in a cursive script.

Ernst & Young

A stylized, handwritten signature of 'R J Curtin' in a cursive script.

R J Curtin  
Partner  
29 February 2012

CI RESOURCES LIMITED

**Consolidated Statement Comprehensive Income  
For the half-year ended 31 December 2011**

	Notes	Consolidated 2011 \$'000s	2010 \$'000s
<b>Revenue from continuing operations</b>	2a	<b>87,395</b>	57,208
Cost of sales	2b	(60,096)	(42,017)
<b>Gross Profit</b>		<b>27,299</b>	15,191
Other income	2c	491	2,577
Other expenses	2d	(7,452)	(9,353)
<b>Profit before income tax</b>		<b>20,338</b>	8,415
Income tax expense		(6,260)	(2,831)
<b>Net profit for the period</b>		<b>14,078</b>	5,584
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(481)	710
<b>Total comprehensive income for the period</b>		<b>13,597</b>	6,294
Net profit for the period is attributable to:			
Non-controlling interest		7,062	3,252
Owners of the parent		7,016	2,332
		<b>14,078</b>	5,584
Total comprehensive income for the period is attributable to:			
Non-controlling interest		6,824	3,648
Owners of the parent		6,773	2,646
		<b>13,597</b>	6,294
Basic and diluted earnings/(loss) per share		<b>Cents 9.63</b>	<b>Cents 3.20</b>

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



CI RESOURCES LIMITED

**Consolidated Statement of Financial Position**  
**As at 31 December 2011**

	Notes	Consolidated 31 December 2011 \$'000s	30 June 2011 \$'000s
<b>Current assets</b>			
Cash and cash equivalents	3	42,460	30,523
Trade and other receivables		16,050	24,320
Derivative financial asset		1,941	5,308
Inventories		14,450	11,912
Total current assets		74,901	72,063
<b>Non-current assets</b>			
Other Financial Asset		13,201	10,188
Plant & equipment		46,114	45,593
Goodwill		7,635	7,635
Biological assets	6	11,827	12,332
Deferred tax assets		5,982	5,855
Total non-current assets		84,759	81,603
<b>Total assets</b>		159,660	153,666
<b>Current liabilities</b>			
Trade and other payables		9,684	12,247
Borrowings		6,324	6,536
Tax liability		3,158	2,836
Provisions		3,013	2,765
Total current liabilities		22,179	24,384
<b>Non-current liabilities</b>			
Borrowings		19,693	23,996
Deferred tax liability		11,319	12,034
Provisions		17,026	16,468
Total non-current liabilities		48,038	52,498
<b>Total liabilities</b>		70,217	76,882
<b>Net assets</b>		89,443	76,784
<b>Equity</b>			
Contributed equity		17,970	17,970
Reserves		1,584	1,673
Accumulated profits		21,012	13,996
<b>Parent Interests</b>		40,566	33,639
Non-controlling interests		48,877	43,145
<b>Total equity</b>		89,443	76,784

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

CI RESOURCES LIMITED

**Consolidated Statements of changes in Equity**  
**For the half-year ended 31 December 2011**

<b>2011 Consolidated</b>	<b>Contributed Equity \$'000s</b>	<b>Foreign currency translation Reserve \$'000s</b>	<b>Discount on acquisition of Non- controlling interest Reserve \$'000s</b>	<b>Retained earnings \$'000s</b>	<b>Owners of the Parent \$'000s</b>	<b>Non-controlling Interest \$'000s</b>	<b>Total \$'000s</b>
<b>At the beginning of the period</b>	<b>17,970</b>	<b>86</b>	<b>1,587</b>	<b>13,996</b>	<b>33,639</b>	<b>43,145</b>	<b>76,784</b>
Profit for the period	-	-	-	7,016	7,016	7,062	14,078
Other comprehensive income	-	(243)	-	-	(243)	(238)	(481)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(243)</b>	<b>-</b>	<b>7,016</b>	<b>6,773</b>	<b>6,824</b>	<b>13,597</b>
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid	-	-	-	-	-	(678)	(678)
Acquisition of Non-controlling interest in PRL	-	-	154	-	154	(414)	(260)
<b>At the end of the period</b>	<b>17,970</b>	<b>(157)</b>	<b>1,741</b>	<b>21,012</b>	<b>40,566</b>	<b>48,877</b>	<b>89,443</b>

CI RESOURCES LIMITED

**Consolidated Statements of changes in Equity**  
**For the half-year ended 31 December 2011**

<b>2010 Consolidated</b>	<b>Contributed Equity \$'000s</b>	<b>Foreign currency translation Reserve \$'000s</b>	<b>Discount on acquisition of Non- controlling interest Reserve \$'000s</b>	<b>Retained earnings \$'000s</b>	<b>Owners of the Parent \$'000s</b>	<b>Non-controlling Interest \$'000s</b>	<b>Total \$'000s</b>
<b>At the beginning of the period</b>	17,970	364	-	12,820	31,154	42,757	73,911
Profit for the period	-	-	-	2,332	2,332	3,252	5,584
Other comprehensive income	-	314	-	-	314	396	710
<b>Total comprehensive income for the period</b>	-	314	-	2,332	2,646	3,648	6,294
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid	-	-	-	(1,457)	(1,457)	(556)	(2,013)
Acquisition of Non-controlling interest in PRL	-	-	968	-	968	(2,219)	(1,251)
<b>At the end of the period</b>	17,970	678	968	13,695	33,311	43,630	76,941

CI RESOURCES LIMITED

**Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2011**

	Notes	Consolidated	
		2011 \$'000s	2010 \$'000s
<b>Cash flows from operating activities</b>			
Receipts from customers		96,822	49,819
Payments to suppliers and employees (inclusive of goods and services tax)		(66,887)	(48,729)
Interest received		498	681
Interest paid		(487)	-
Income taxes paid		(6,780)	(5,625)
<b>Net cash inflow/ (outflow) from operating activities</b>		<b>23,166</b>	<b>(3,854)</b>
<b>Cash flows from investing activities</b>			
(Increase)/decrease in short term investments		(3,013)	7,781
Purchase of property and equipment		(1,586)	(2,239)
<b>Net cash (outflow)/ inflow from investing activities</b>		<b>(4,599)</b>	<b>5,542</b>
<b>Cash flows from financing activities</b>			
Receipts from borrowings		-	1,029
Repayment of borrowings		(4,830)	-
Finance lease principal payment		(637)	(580)
Acquisition of non-controlling interest		(1,286)	(1,251)
Dividends paid		(678)	(2,013)
<b>Net cash (outflow) from financing activities</b>		<b>(7,431)</b>	<b>(2,815)</b>
<b>Net increase in cash and cash equivalents held</b>		<b>11,136</b>	<b>(1,127)</b>
Cash and cash equivalents at the beginning of the financial year		30,523	28,522
<b>Impact of foreign exchange</b>		<b>801</b>	<b>(2)</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>42,460</b>	<b>27,393</b>

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

**Notes to the financial statements**  
**For the year ended 31 December 2011**

**1 Basis of Preparation and Accounting Policies**

**Basis of preparation**

This general purpose condensed financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of CI Resources Limited as at 30 June 2011.

Apart from the adoption of new or revised standards noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

**Changes in accounting policy**

From 30 June 2011 The Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on 1 July 2011. Adoption of these standards and interpretations did not have any significant effect on the financial position or performance of the Group.

- AASB 1054; AASB101-1 and AASB 2011-2: These standards remove many of the additional domestic disclosures previously required under standards to align requirements of accounting standards for publicly accountable for-profit entities in Australia and New Zealand
- AASB 2010-6 Disclosures on Transfer of financial assets: The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

**Notes to the financial statements**  
**For the year ended 31 December 2011**

	<b>Consolidated</b>	
	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>\$000</b>	<b>\$000</b>
<b>2 Revenue and Expenses</b>		
<b>(a) Revenue</b>		
Phosphate sales	48,058	51,267
Palm oil sales	33,437	-
Oil sales	343	331
Stevedoring	893	951
Finance revenue – interest	498	602
Other	4,166	4,057
	<b>87,395</b>	<b>57,208</b>
<b>(b) Cost of sales</b>		
Cost of production:		
Production costs	47,039	27,724
Royalties	702	468
Insurance	891	923
	<b>48,632</b>	<b>29,115</b>
Shipping costs:		
Shipping charges	8,329	8,820
Port charges	895	751
Levy	617	638
Commission	69	120
	<b>9,910</b>	<b>10,329</b>
Depreciation:		
Plant and equipment	1,554	2,573
	<b>1,554</b>	<b>2,573</b>
Total cost of sales	<b>60,096</b>	<b>42,017</b>
<b>(c) Other income</b>		
Government grants	-	1
Foreign exchange gain	45	2,467
Other	446	109
	<b>491</b>	<b>2,577</b>

**Notes to the financial statements**  
**For the year ended 31 December 2011**

		<b>Consolidated</b>	
		<b>31.12.2011</b>	<b>31.12.2010</b>
		<b>\$000</b>	<b>\$000</b>
<b>2</b>	<b>Revenue and Expenses (continued)</b>		
(d)	<b>Other expenses</b>		
	Redundancy expense	248	941
	Depreciation	16	17
	Administration and other	6,809	7,574
	Accretion on asset retirement obligations	300	300
	Other	79	521
		<b>7,452</b>	<b>9,353</b>

**3 Reconciliation of Cash and Cash Equivalents**

	<b>31.12.2011</b>	<b>30.06.2011</b>
	<b>\$000</b>	<b>\$000</b>
Cash at bank	<b>42,460</b>	30,523

**4 Dividends Paid and Proposed**

Franked dividends declared and paid during the half-year on ordinary shares to the owners of the parent: \$0 (2010: \$0.02)  
 Dividends proposed and not yet recognised as a liability

-	1,457
-	-
-	<b>1,457</b>

**5 Commitments and Contingencies**

As at balance sheet date the consolidated entity had no expenditure commitments.

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets.

**Notes to the financial statements**  
**For the year ended 31 December 2011**

	31.12.2011 \$'000s	30.06.2011 \$'000s
<b>6 Biological Assets</b>		
Carrying amount on acquisition of subsidiary	12,332	12,332
Harvest/Amortisation	(515)	-
Fair value adjustment/effect of foreign exchange	10	-
<b>Carrying amount at end</b>	<b>11,827</b>	<b>12,332</b>

Biological assets consist of mature oil palm trees.

The Group grows oil palm trees to produce palm oil. The plantation is located in Malaysia.

A valuation was conducted by Jones Lang Wootton, an independent professional valuer, on a subsidiary's oil palm estate development comprising land, ancillary facilities and biological assets, for the purposes of acquisition of the subsidiary by Phosphate Resources Limited on 30 April 2011.

The valuer had confirmed that there have been no significant changes in the value of biological assets between 30 April 2011 and 30 June 2011.

At 31 December 2011, there has been no material change in the fair value of biological assets compared to 30 June 2011.

The Group is exposed to risks in respect of agricultural activity. The agricultural activity of the Group consists of the plantation development and cultivation of palm products.

The primary risk associated with this activity occurs due to the length of time between expending cash on the purchase of planting and maintenance of oil palm plantation and in harvesting, and ultimately receiving cash from sale of palm oil to third parties. The Group's strategy to manage this risk is to stage the replanting (20-30 year replanting cycle) to reduce the effect on the cash flow and also to obtain adequate insurance coverage on existing biological assets.

## **7 Interest bearing loans and borrowings**

On 29 April 2011, the Group borrowed US\$30,000,000 from a bank, repayable over 5 years. On 5 August 2011, the Group repaid US\$5,000,000 (A\$4,772,814).

## **8 Events after the Balance Sheet Date**

On the 8th January 2012 the MV Tycoon foundered in the crane loading berth at Christmas Island and eventually broke up and sank at that berth. It may be a few months before the wreck is finally removed and the crane berth is operating normally. Despite some ongoing interruption, difficulties and delays in dust shipments it is not anticipated that the incident will have any material impact on budgeted annual production and returns.

No other matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect, the operations of CI Resources Limited and its controlled entities, or the state of affairs of CI Resources Limited and its controlled entities in subsequent periods.



**Notes to the financial statements**  
**For the year ended 31 December 2011**

**9 Segment Reporting**

**Segment Reporting for the half-year ended 31 December 2011**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operation decision makers) in assessing performance and in determining the allocation of resource.

The Group has identified its operating segments to be Mining and Farming based on the different operating businesses within the Group. Discrete financial information about each of these operating segments is reported to the chief operation decision makers on a monthly basis.

Mining operating segment primarily involves mining, processing and sale of phosphate rock, phosphate dust and chalk

Farming operating segment primarily involves oil palm cultivation and palm oil processing

For the year ended 30 June 2011, management identified Phosphate Sales and Stevedoring as operating segments. Changes to how the financial and operating results of the Group are monitored and presented internally during the half-year ended 31 December 2011 have resulted in revised operating segments including Phosphate Sales and Palm Oil Sales.

**Accounting policies and inter-segment transactions**

The accounting policy used by the Group in reporting segments internally are the same as those contained in Note 2 to the accounts.

Deferred tax assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment.

	Half-Year ended 31 December 2011			
	Phosphate Sale	Palm Oil Sale	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Revenue from external customers	48,058	33,437	-	81,495
Interest income	334	-	104	438
Stevedoring	-	-	843	843
Rendering of services	-	-	4,166	4,166
Other services	-	-	661	661
Total segment revenue	48,392	33,437	5,774	87,395
<b>Result</b>				
Segment net operating profit after tax (attributable to parent)	11,455	2,052	571	14,078
Depreciation and amortisation	1,037	304	213	1,554
Income tax expense	5,248	734	278	6,260
<b>Assets and Liabilities</b>				
Segment assets	85,506	63,840	10,314	159,660
Segment liabilities	55,080	13,216	1,921	70,217

**Notes to the financial statements**  
**For the year ended 31 December 2011**

**9 Segment reporting (continued)**

**Segment Reporting for the half-year ended 31 December 2010**

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. The company had three operating segments, that being the Sale of Phosphate, Stevedoring Services and Other.

The Other segment consists of the Oil, Australia and Singaporean operations.

	<b>Half-Year ended 31 December 2010</b>			
	<b>Phosphate</b>	<b>Palm Oil Sale</b>	<b>Unallocated</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue				
Sales to external customer	49,205		2,062	51,267
Stevedoring			4,028	4,028
Other revenue from external customer	1,112	-	5,354	6,466
Inter-segment sales	-	-	(4,553)	(4,553)
Total segment revenue	50,317	-	6,891	57,208
Segment net operation profit/(loss) after tax	6,536	-	(952)	5,584
Depreciation and amortization	2,005	-	585	2,590
Income tax expense	2,335	-	496	2,831
<b>Assets and Liabilities</b>	<b>Year ended 30 June 2011</b>			
Segment assets	73,027	62,451	18,189	153,667
Segment liabilities	52,674	13,470	10,640	76,784

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:

	<b>1 July 2011 to 31 December 2011</b>	<b>1 July 2010 to 31 December 2010</b>
	<b>'000</b>	<b>'000</b>
Australia	570	988
China	-	14,302
Malaysia	33,437	-
Other foreign countries	53,388	40,918
	<b>87,395</b>	<b>57,208</b>

*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 2011 and 2010.

**Notes to the financial statements**  
**For the year ended 31 December 2011**

**9 Segment reporting (continued)**

*Non-Current Assets by geographical regions:*

	<b>31 December 2011 '000</b>	<b>30 June 2011 '000</b>
Australia	<b>26,995</b>	24,080
China	-	56,242
Malaysia	<b>56,051</b>	-
Other foreign countries	<b>41</b>	1,281
	<b>83,087</b>	81,603

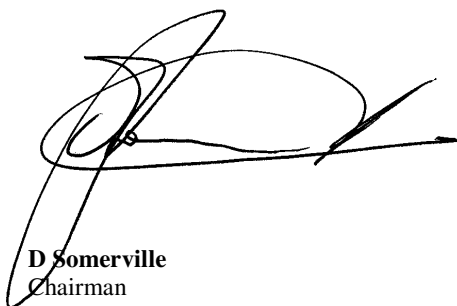
**Directors' declaration**  
**For the year ended 31 December 2011**

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 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 31 December 2011 and of their performance, for the year ended on that date; and
- (a) 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

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  
29 February 2012

To the members of CI Resources Limited

## Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying condensed half-year financial report of CI Resources Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Condensed Half-Year Financial Report

The directors of the company are responsible for the preparation of the consolidated half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the condensed half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CI Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a condensed half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

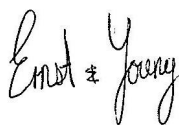
### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed half-year financial report of CI Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A stylized, handwritten signature of the Ernst & Young firm, written in a cursive script.

Ernst & Young

A stylized, handwritten signature of R J Curtin, written in a cursive script.

R J Curtin  
Partner  
Perth  
29 February 2012