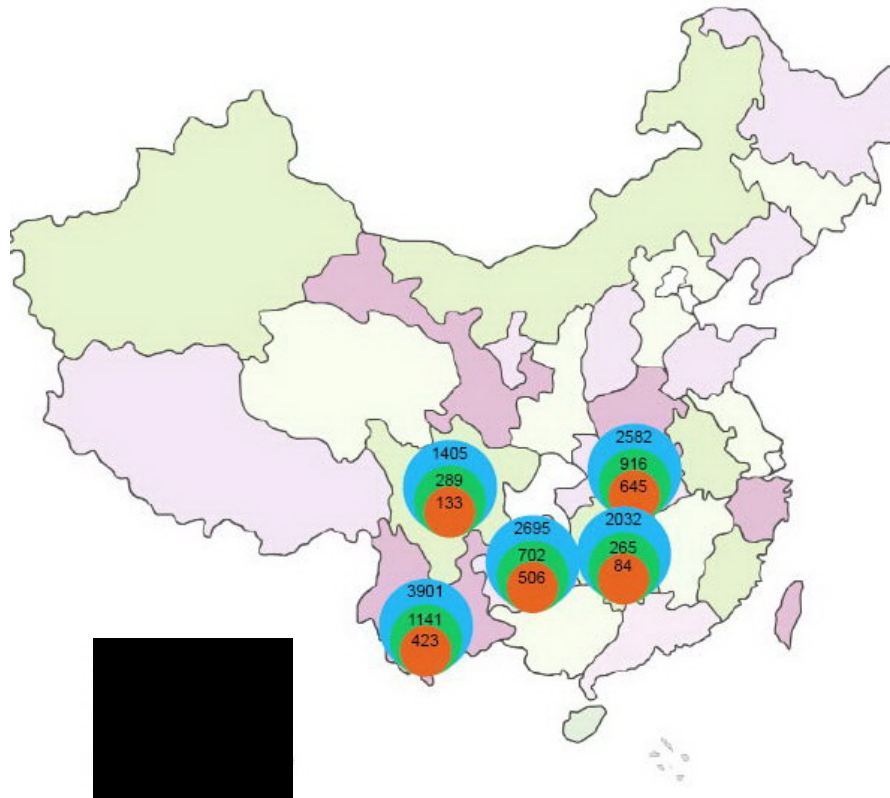


I Overview of phosphorus ore resource

Phosphorus ore is an irreplaceable and non-renewable resource, with global total reserves of [REDACTED] tonnes and actual exploited reserves of [REDACTED] tonnes. Phosphorus ores resource mainly concentrates in Africa, North America, Middle East and South America, with global total output of about [REDACTED] tonnes in [REDACTED]. Most of phosphorus with high economic value is located in Morocco, the US, and South Africa, totaling [REDACTED] of global output.

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Figure I-2 Distribution of main phosphorus ore reserves in China, million tonnes



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II Phosphorus ore distribution among enterprises

II-1 Supply overview

China is the largest phosphorus ore production country in the world. There were [REDACTED] enterprises with total output amount to [REDACTED] tonnes in [REDACTED].

Table II-1 Overview of phosphorus ore output, 2005~2009

Year	Output, '000 tonnes	Growth rate	Number of manufacturer
2005	█	█	█
2006	█	█	█
2007	█	█	█
2008	█	█	█
2009	█	█	█

Source: CCM International

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The features of China's phosphorus ore supply can be summarized as follows:

- ✓ Total output keeps continuous growth from 2005 to 2009 driven by the increasing demand from downstream industries, especially from phosphate fertilizer.

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II-2 Exploiting enterprises

The number of phosphorus ore manufacturers is reducing year by year, however, the production scale of top manufacturers are becoming larger and larger. In 2009, total output of top 10 manufacturers has been █ tonnes, compared with █ tonnes in 2005. What's more, █ manufacturers have reached million-tonne production scale in terms of capacity, compared with only █ in 2005.

Table II-4 Top 10 manufacturers of phosphorus ore in China, 2009 (Source: CCM International)

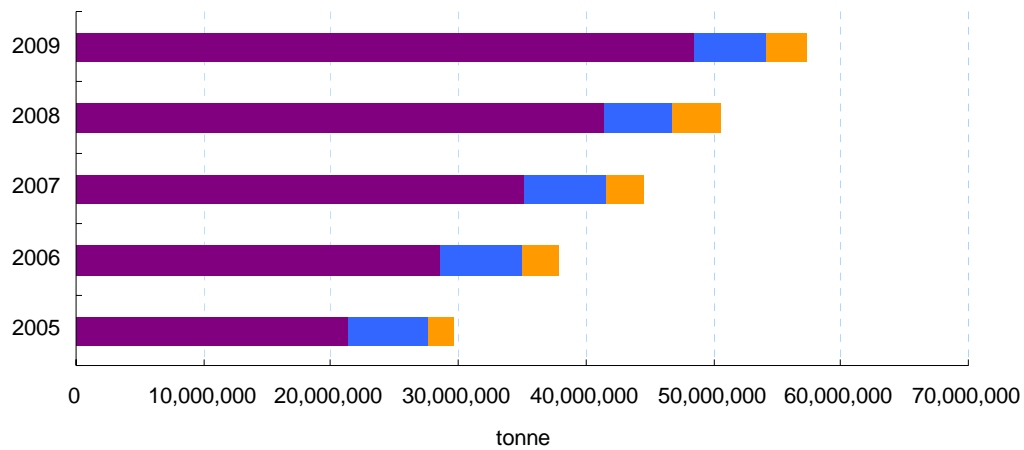
No	Manufacturer	Ownership	Location	Capacity, '000 tonnes	Output, '000 tonnes	Operating rate	█	█
1	Yuntianhua Group	█	█	█	█	█	█	█
2	█	█	█	█	█	█	█	█
3	█	█	█	█	█	█	█	█
4	█	█	█	█	█	█	█	█
5	█	█	█	█	█	█	█	█
6	█	█	█	█	█	█	█	█
7	█	█	█	█	█	█	█	█
8	█	█	█	█	█	█	█	█
9	█	█	█	█	█	█	█	█
10	█	█	█	800	400	50.00%	█	█

III Market of phosphorus ore

China is the largest phosphorus ore consumer and a net-export country of phosphorus ore in the world. However, the growth rate of consumption is reducing from [REDACTED], because development of phosphate fertilizer, the major consumer of phosphorus, is slowing down due to industrial overcapacity.

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Figure III-1 Consumption structure of phosphorus ore in China, 2005~2009



[REDACTED]

Source: CCM International

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IV Future prospect

Under the context of global economic situation, China's phosphorus will develop with the following trends, influencing by development of its downstream industries and governmental policies

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