



Shaw Stockbroking

30 March 2015

ASX ANNOUNCEMENT

ON-MARKET TAKEOVER OFFER FOR PHOSPHATE AUSTRALIA LIMITED AT \$0.02 PER SHARE

Mercantile Investment Company Limited (ASX code: MVT) (**Mercantile**) today announced its on-market takeover offer for all of the ordinary shares issued in ASX-listed Phosphate Australia Limited (ASX code: POZ) (**POZ**) for \$0.02 per share (**Offer Price**) (**Offer**).

Shaw Stockbroking Limited ACN 003 221 583 (**Shaw Stockbroking**) will, on behalf of Mercantile under section 635 of the Corporations Act 2001 (Cth) (the **Corporations Act**), offer to acquire on-market at the Offer Price all of the fully paid ordinary shares in the capital of POZ that are listed for quotation on ASX that exist during the Offer Period (defined below).

From the date of this announcement and ending at close of trading on ASX on 14 May 2015 (unless the Offer is withdrawn or extended in accordance with the Corporations Act), Shaw Stockbroking (on behalf of Mercantile) will accept at the Offer Price every POZ share offered to Shaw Stockbroking on-market, up to a maximum of 146,682,960 (**POZ Shares**).

Terms of the Offer

The Offer is an on-market bid and therefore unconditional with payment of consideration in cash. The key features of the Offer are:

- it is an on-market, unconditional offer of \$0.02 per POZ Share;
- Shaw Stockbroking will purchase POZ Shares offered to Shaw Stockbroking for sale on-market at the Offer Price from today until the conclusion of the Offer Period; and
- the Offer Period may be extended and the Offer Price may be increased in accordance with the Corporations Act.

Settlement and brokerage

Payment for POZ Shares sold to Mercantile under the Offer will be made on a T + 3 settlement basis in accordance with ASX Settlement Operating Rules.

Any brokerage charged by brokers acting for POZ shareholders selling their POZ Shares will be the sole responsibility of those POZ shareholders.

Offer Period

Shaw Stockbroking will stand in the market on behalf of Mercantile and accept POZ Shares offered to it at the Offer Price from the date and time of this announcement. The Offer will be made during the period commencing 14 April 2015 (being the first trading day after the end of 14 days after the date of this announcement) and ending on 14 May 2015 (**Offer Period**), unless extended by Mercantile under the Corporations Act.

Mercantile reserves the right to withdraw unaccepted Offers in the circumstances permitted by part 6.7 of the Corporations Act at any time before the end of the Offer Period.

Bidder's Statement

In accordance with section 635 of the Corporations Act, a Bidder's Statement will be served on POZ and lodged with each of the ASX and Australian Securities and Investments Commission today. A copy of the Bidder's Statement will also be sent to POZ shareholders before commencement of the Offer Period.

POZ Shares

The POZ Shares subject of the Offer are all fully paid ordinary shares in the capital of POZ, which are on issue at the date of the Bidder's Statement, and any other POZ Shares that are issued before the end of the Offer Period.

Immediately before making this announcement:

- Mercantile is aware that there are currently 161,168,333 POZ Shares on issue, all of which are quoted on ASX; and
- Mercantile and its associates have a relevant interest in 14,485,373 POZ Shares, which represent approximately 9.0% of the current issued capital of POZ.

Signed for and on behalf of Shaw Stockbroking Limited.



Garry Lowrey
Director

On-market Cash Offer by

Mercantile Investment Company Limited

(ACN 121 415 576)

(ASX Code MVT)

to acquire all the ordinary shares in

Phosphate Australia Limited

(ACN 129 158 550)

(ASX Code POZ)

at \$0.02 cash for each POZ Share

ACCEPT THE OFFER



Shaw Stockbroking

Broker to the Offer



WATSON MANGIONI

Legal Adviser to Mercantile

To accept this Offer, please instruct your stockbroker to sell your POZ Shares on-market to Mercantile, through its broker, Shaw Stockbroking.

This is an important document and requires your immediate attention.

Directory

<p>Bidder Mercantile Investment Company Limited Level 11, 139 Macquarie Street Sydney NSW 2000</p>	<p>Directors Sir Ron Brierley James Chirnside Ron Langley Gabriel Radzyninski Daniel Weiss</p>
<p>Broker to the Offer Shaw Stockbroking Limited Level 15, 60 Castlereagh Street Sydney NSW 2000</p>	<p>Company Secretary Mark Licciardo</p>
	<p>Legal Advisor Watson Mangioni Lawyers Pty Limited Level 13, 50 Carrington Street Sydney NSW 2000</p>

If you are in any doubt as to how to deal with it, you should consult your financial or other professional advisor.

Important Dates

Event	Date
Date of Announcement A copy of the announcement is set out in Appendix A	30 March 2015
Date Bidder's Statement served on POZ and lodged with ASIC and ASX	30 March 2015
Date of Bidder's Statement	30 March 2015
Opening date of Offer Period	14 April 2015
Closing Date of Offer Period *	14 May 2015

* This date is indicative only and may be changed as permitted by the Corporations Act.

Why you should accept the Offer

- 1. The Offer represents a material premium to recent trading levels**
- 2. The all cash Offer provides certainty compared to retaining POZ Shares**
- 3. If you accept the Offer, you will avoid POZ's future operating, project exploration and development risks**
- 4. POZ Shares are very thinly traded**
- 5. The trading price for POZ Shares on ASX may fall if the Offer lapses**
- 6. The Offer is unconditional and you can sell your POZ Shares immediately**
- 7. There are risks associated with being a POZ minority shareholder**

1. The Offer Price represents a material premium to the market price of POZ Shares immediately preceding announcement of the Offer

The all cash consideration being offered by Mercantile represents a material premium to the levels at which the POZ Shares were trading prior to the announcement of the Offer on 30 March 2015.

Based on the price of POZ Shares up to and including 27 March 2015, being the last trading day prior to the Announcement Date, the Offer Price represents a premium of:

- 11.1% to \$0.0180, the closing price of POZ Shares on the ASX on 27 March 2015;
- 11.1% to \$0.0180, the 5 day VWAP of POZ Shares;
- 20.0% to \$0.0167, the 1 month VWAP of POZ Shares;
- 21.9% to \$0.0164, the 3 month VWAP of POZ Shares;
- 19.0% to \$0.0168, the 6 month VWAP of POZ Shares; and
- 14.6% to \$0.0175, the 12 month VWAP of POZ Shares.

Prior to the announcement of the Offer, POZ Shares had not closed above the Offer Price since 7 January 2015.

2. The all cash Offer provides certainty compared to retaining POZ Shares

The certainty of receiving an attractive cash price should be considered against the risks and uncertainties of remaining a POZ Shareholder, including the uncertainty regarding the ability for the POZ board to realise value from any of the Musgrave, Nicholson, Horse Well, or Highlands Plains projects.

On 12 November 2014 POZ stated its intention to apply its available cash to potential future acquisitions, exploration and general working capital. In the past five and a half years, POZ has generated operating cash losses of \$2.552 million. A further \$6.322 million has been consumed by capital, exploration and development expenditure. As with all exploration expenditure, there can be no certainty that any further cash spent will yield an acceptable return, or any return at all, for POZ Shareholders.

3. If you accept the Offer, you will avoid future operating and project development risks

POZ's operations include mineral exploration and development activities, which require substantial resources, expertise and capital expenditure. Remaining as a shareholder in POZ will mean that you continue to be exposed to the risks related to resources exploration and development projects including:

- geological and environmental risk;
- political and regulatory risk;
- joint venture risk;
- general economic risk; and
- equity market risk.

The Offer presents an opportunity for POZ Shareholders to receive a certain cash amount for their POZ Shares today, avoiding the risks outlined above.

4. POZ Shares are very thinly traded

In the 12 month period to 27 March 2015, the average daily value of POZ Shares traded on ASX was only \$5,191. POZ Shares only traded on 148 of the available 253 trading days in the 12 months to 27 March 2015.

In the four months to 27 March 2015, 17,812,544 POZ Shares traded. Of these, Mercantile and its Associates traded in 13,485,373 POZ Shares representing 75.7% of the total POZ Shares traded in this period. Both the liquidity and support for the POZ Share price on ASX has been provided by this active trading by Mercantile and its Associates. Depending on the level of acceptances Mercantile receives under the Offer, the market for POZ Shares may become more thinly traded following the Offer.

5. The trading price for POZ Shares on ASX may fall if the Offer lapses

If an alternative proposal does not emerge, the POZ Share price on ASX may decline after the Offer Period and may trade below the Offer Price. In addition, the price at which POZ Shares have traded on ASX of the 12 month period to 27 March 2015 has been substantially supported by the active trading undertaken by Mercantile and its Associates. If Mercantile ceases to actively trade POZ Shares on-market, the POZ Share price on ASX may decline and may trade below the implied Offer Price. In those circumstances, the current market conditions and recent volatility in the junior resources sector may make it challenging for POZ to successfully finance the large development costs associated with its projects on a stand-alone basis, with any equity raising likely to be dilutive to existing POZ Shareholders who do not participate in that fundraising.

6. The Offer is unconditional and you can sell your POZ Shares immediately

The Offer is to acquire your POZ Shares for 100% cash consideration of \$0.02 per POZ Share. You can accept the Offer immediately by instructing your broker to sell your POZ Shares. You will receive cash payment within 3 trading days (i.e. T+3) of your acceptance of the Offer. There are no conditions attached to the Offer. The Corporations Act allows withdrawal of the Offer only under limited circumstances; see Section 8.5 for details.

7. There are risks associated with being a minority shareholder

If Mercantile achieves voting power sufficient to control POZ, but POZ remains listed on the ASX, the market for your POZ Shares may be less liquid or less active than at present, exposing remaining POZ Shareholders to greater uncertainty. This could also make it more difficult to sell POZ Shares at an attractive price in the future.

If the number of POZ Shareholders is less than that required by the ASX Listing Rules then the ASX may suspend and/or de-list POZ Shares. If this occurs, any remaining POZ Shareholders will not be able to sell their POZ Shares on-market. There may be a reduced likelihood of a subsequent takeover bid for POZ from parties other than Mercantile if POZ is de-listed. If POZ remains listed, a subsequent takeover bid for POZ from parties other than Mercantile may be less likely in the event that MVT holds a significant proportion of POZ Shares.

After the Offer closes, if Mercantile holds a Relevant Interest in less than 90% of POZ, POZ Shares may trade below the Offer Price. There is also a risk that POZ Shares may trade below those prices. Depending on what level of acceptances Mercantile receives, the market for your POZ Shares may be more thinly traded.

If under the Offer Mercantile acquires a relevant interest in at least 90% of POZ, it intends to exercise its entitlement to compulsorily acquire the remaining POZ Shares. If your POZ Shares are compulsorily acquired you will be paid later than POZ Shareholders who accept the Offer.

To accept the Offer, please instruct your stockbroker to sell your POZ Shares on-market to Mercantile through its Broker, Shaw Stockbroking.

About the Offer

This summary of the Offer provides a general overview only, and should be read together with detailed information set out in the remainder of this Bidder's Statement.

What is Mercantile offering for my POZ Shares?

The Offer Price is \$0.02 for each POZ Share.

How do I accept the Offer?

As the Offer is an on-market Offer, acceptance is made by selling your POZ Shares to Mercantile through its Broker, Shaw Stockbroking, as part of normal market trading. You are not required to complete a form to accept the Offer.

If your POZ Shareholding is a CHESS Holding, you will need to instruct your stockbroker to sell your POZ Shares.

If your holding is an Issuer Sponsored Holding, you may sell your POZ Shares through a stockbroker of your choice, including Shaw Stockbroking.

Shaw Stockbroking can be contacted on (02) 9238 1238. Shaw Stockbroking will not provide advice in relation to accepting the Offer or continuing to hold POZ Shares.

Beneficial owners whose POZ Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting the Offer.

Are there any conditions to the Offer?

No – the Offer is not subject to any conditions.

When will I be paid for my POZ Shares?

Acceptance of the Offer is only available by selling your POZ Shares on-market to Shaw Stockbroking. Once you have sold your POZ Shares, you will be paid as per normal market practice (T+3).

When does the Offer close?

The Offer closes at 4:15pm (Sydney time) on 14 May 2015, unless extended or withdrawn in accordance with the Corporations Act.

Mercantile currently intends to proceed to compulsory acquisition of the remaining POZ Shares if it is entitled to do so under the Corporations Act.

What happens if I do not accept?

If Mercantile does not compulsorily acquire your POZ Shares, unless you otherwise dispose of them, you will remain a POZ Shareholder.

Risks of remaining a POZ Shareholder POZ Share include, but are not limited to, the potential for the market for POZ Shares to be less thinly traded or illiquid (in the event POZ is delisted).

What are the tax consequences of the Offer?

Our understanding of the major tax implications for POZ Shareholders resident for tax purposes in Australia are summarised in Section 6.

Your personal financial and other circumstances will influence your taxation position. You should read Section 6 carefully and seek your own independent professional taxation advice if necessary.

Will I pay any brokerage if I accept any of the Offer?

As the Offer will be on-market, accepting POZ Shareholders may only accept the Offer through brokers who are members of ASX. Any brokerage charged by that broker will be the sole responsibility of the accepting POZ Shareholder.

Mercantile will bear its own brokerage, if any, on transfers of POZ Shares acquired through acceptances of the Offer. No stamp duty or Goods and Services Tax (GST) will be payable on the transfer of your POZ Shares under the Offer (other than GST payable to your broker in respect of brokerage fees charged to you).

Questions

If you have any enquiries about the Offer or its terms, please submit your query in writing to Gabriel Radzyminski at Level 11, 139 Macquarie Street, Sydney NSW, 2000, by fax on 02 8084 9918, or consult your financial or other professional advisor.

Important Information

Bidder's Statement and Offer

This is a Bidder's Statement dated 30 March 2015 given by Mercantile to POZ and each holder of POZ Shares under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with sections 636 and 637 of the Corporations Act.

The Offer relates to all POZ Shares that exist or will exist at any time during the Offer Period.

ASIC

A copy of this Bidder's Statement was lodged with ASIC on 30 March 2015. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each POZ Shareholder or any other person. POZ Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

Disclaimer

Except for historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe Mercantile's future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. POZ Shareholders are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which Mercantile and POZ operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially.

All forward-looking statements attributable to Mercantile, or persons acting on behalf of Mercantile, are expressly qualified in their entirety by the cautionary statements in this section. Except as expressly required by the Corporations Act, Mercantile undertakes no obligation to publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Mercantile's officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 9. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 9, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Sources of Information

Information included in this Bidder's Statement relating to POZ and its business has been derived solely from publicly available sources published by POZ, including the 2014, 2013 and 2012 Annual Reports, the Interim Report for the period ended 31 December 2014, its announcements to ASX and its website.

Subject to the foregoing and to the maximum extent permitted by law, Mercantile and its Directors disclaim all liability for any information concerning POZ included in this Bidder's Statement. POZ Shareholders should form their own views concerning POZ from publicly available information.

Contents

1.	Bidder's Statement.....	1
2.	About Mercantile	2
3.	About POZ	3
4.	Mercantile's intentions.....	9
5.	Sources of Bid Consideration	11
6.	Tax considerations	12
7.	Information on POZ securities	13
8.	Additional Information	15
9.	Definitions and Interpretation	16
10.	Approval of Bidder's Statement.....	19

1. Bidder's Statement

This is a Bidder's Statement dated **30 March 2015** given by Mercantile to POZ and each holder of POZ Shares under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with sections 636 and 637 of the Corporations Act.

1.1. The Offer – on-market takeover bid

As disclosed to ASX by its formal written announcement dated 30 March 2015, Mercantile will make Offers under an on-market bid to buy all POZ Shares, together with all Rights attaching to them, that exist or will exist at any time during the Offer Period at the Offer Price.

A copy of the takeover announcement is set out in Annexure A to this Bidder's Statement.

This Offer does not extend to POZ Options. Any POZ Shares issued and subsequently quoted on ASX arising from the exercise of existing POZ Options prior to the end of the Offer Period may be sold to Mercantile pursuant to the Offer. Details of the number of POZ Options are contained in Section 3.9.

1.2. How the Offer will be made

The Offers will be made on behalf of Mercantile by Shaw Stockbroking, through ASX during the Offer Period. Unless the Offer is extended or withdrawn in accordance with the Corporations Act, the Offer Period will commence at the start of trading on ASX on 14 April 2015 and finish immediately at the close of trading on ASX on 14 May 2015.

In addition, it is the intention of Mercantile to acquire POZ Shares offered on-market at (or below) the Offer Price from the time of the announcement on 30 March 2015 until the Offer Period commences. Mercantile, through its broker, will then make the Offer during the Offer Period at the Offer Price.

1.3. Extension of the Offer Period

Mercantile may, at its discretion and in accordance with the Corporations Act, extend the Offer Period.

1.4. How to accept

The Offer may be accepted on-market on ASX before the end of the Offer Period. A POZ Shareholder may only accept the Offer during the Offer Period by selling all or some of their POZ Shares on-market to Mercantile. POZ Shareholders can also sell their POZ Shares on-market to Mercantile from and after 30 March 2015 to the closing date of the Offer Period.

If your POZ Shareholding is a CHESS Holding, you will need to instruct your sponsoring market participant or ASIC settlement participant (formerly, "broker") to sell your POZ Shares. If your holding is an Issuer Sponsored Holding, you may sell your POZ Shares through your sponsoring market participant or ASIC settlement participant (formerly, "broker") of your choice including Shaw Stockbroking. Shaw Stockbroking can be contacted on (02) 9238 1238.

To accept the Offer, you should instruct your sponsoring market participant or ASIC settlement participant (formerly, "broker") to accept the Offer on your behalf before the end of the Offer Period.

Beneficial owners whose POZ Shares are registered in the name of a market participant of ASIC settlement participant (formerly, "broker"), investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting the Offer.

1.5. Payment of Offer Price for your Shares

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of Mercantile's purchase of POZ Shares on-market. This means that, on accepting the on-market Offer, a POZ Shareholder will receive payment on a normal T+3 basis.

1.6. Brokerage and other costs

As the Offer will be on-market, accepting POZ Shareholders may only accept the Offer through brokers who are members of ASX. Any brokerage charged by that ASIC settlement participant will be the sole responsibility of the accepting POZ Shareholder.

Mercantile will bear its own brokerage, if any, on transfers of POZ Shares acquired through acceptances of the Offer.

No stamp duty or goods and services tax (GST) will be payable on the transfer of your POZ Shares under the Offer (other than GST payable to your ASIC settlement participant in respect of brokerage fees charged to you).

1.7. Withdrawal

The Offer may be withdrawn by Mercantile in accordance with the Corporations Act.

2. About Mercantile

2.1. Corporate

Mercantile is an ASX listed investment company.

2.2. Overview of Mercantile and its principal activities

Mercantile's principal activities are investment in cash and securities that will provide attractive risk adjusted returns, including by way of short term trading, profit making ventures and holding shares for dividend/long term capital appreciation, as appropriate.

2.3. Directors of Mercantile

The Mercantile Directors are:

- Sir Ron Brierley – Chairman;
- Mr James Chirnside – non-executive director;
- Mr Ron Langley – non-executive director;
- Mr Gabriel Radzynski – non-executive director; and
- Daniel Weiss – non-executive director.

2.4. Public Announcements by Mercantile

Mercantile is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Mercantile to:

- (a) prepare and lodge with the ASX both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning Mercantile of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Mercantile, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to Mercantile may be obtained from or inspected at an office of ASIC. Copies of documents lodged with ASX in relation to Mercantile may be obtained from the ASX website (www.asx.com.au).

3. About POZ

3.1. Disclaimer

The following description of POZ and the financial information concerning POZ contained in this Section have been prepared by Mercantile using publicly available information. To the extent permitted by law, Mercantile does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information about the POZ Group's business used by Mercantile are as follows:

- (a) POZ's 2014, 2013 and 2012 Annual Reports and the Interim Report for the period ended 31 December 2014;
- (b) announcements issued by POZ through ASX; and
- (c) POZ's website.

3.2. Overview of POZ and its principal business activities

POZ is a mineral exploration company. POZ announced on 12 November 2014 that it had sold its Tuckanarra Gold Project to Monument Mining Ltd (MMY, a Canadian gold producer listed on the TSX-V exchange) for consideration of \$2,000,000 in cash and 10,000,000 shares in MMY.

POZ's remaining exploration projects include:

Highlands Plains Phosphate Project (100% owned by POZ)

POZ advised in its Interim Financial Report for the period ended 31 December 2014 that substantial amounts of drilling and scoping study work have been undertaken at Highland Plains with proposed solutions for beneficiation to higher grades and product transport logistics using a slurry pipeline. Management have been exploring commercial options for Highland Plains which includes the sourcing of a strategic partner or the possibility of a trade sale.

Musgrave Project (100% owned by POZ – 80% under Option)

The Musgrave project is polymetallic and POZ announced on 15 September 2014 that it had signed a joint venture option agreement in which NiCul Minerals Ltd (NCL), a wholly owned subsidiary of PepinNini Minerals Limited (ASX:PNN) has the right to acquire up to 80% of the project.

Horse Well Gold Project (100% owned by POZ – 80% under Option)

On 2 September 2014 Alloy Resources Limited (ASX: AYR) exercised its option to acquire 80% of POZ's exploration licence within the Horse Well Gold Project, for \$25,000 cash and \$25,000 in AYR shares (3,125,000 AYR shares at \$0.008 per AYR share).

Nicholson Iron Project (100% owned by POZ – 80% under Option)

The Nicholson Iron and Manganese Project covers various tenements in the Northern Territory, and is under a joint venture option agreement with Sydney based company Jimpec Resources Pty Ltd (Jimpec) under which Jimpec has the right to earn-in up to 80% of the project. POZ continues to work with Jimpec on the iron and manganese exploration of the Nicholson Project.

3.3. Directors

As at the date of this Bidder's Statement, there are 3 directors of POZ, being:

- Mr Jim Richards (Executive Chairman)
- Mr Mark Thompson (Non-Executive Director)
- Mr Grant Mooney (Non-Executive Director and Company Secretary)

3.4. Major shareholders

As at the date of this Bidder's Statement, substantial shareholder notices received by POZ and released to the market through ASX disclose the following substantial shareholders:

Name	Number of Shares	Percentage of issued capital
James Richards	32,016,401	19.9%
Kesli Chemicals [Ruane Super Fund A/C]	16,129,676	10.0%
Mercantile	13,235,022	8.2%
Alloyments Limited	11,388,171	7.1%

3.5. Overview of POZ's historical financial performance

A summary of the historical consolidated financial performance of POZ and its controlled entities since 1 July 2010 is set out below¹:

A\$'000	6 months to 31 December 2014	2014	2013	2012	2011
Revenue ²	1,776.3	84.0	398.5	172.4	285.2
Operating expenses ³	(303.4)	(533.1)	(1,712.0)	(1,456.1)	(1,308.8)
Other expenses ⁴	0	0	(2,894.8)	(442.5)	(150.7)
Operating profit/(loss) after tax attributed to members of the parent entity	1,472.9	(145.7)	(3,997.3)	(1,666.4)	(936.8)

Notes:

1. The above information has been drawn from the audited financial statements for POZ and its controlled entities and associated disclosure included in its Annual Reports for the years ended 30 June 2012, 2013 and 2014 and the Interim Financial Report for the 6 months ended 31 December 2014. The above amounts have been rounded as set out in the Annual and Interim Reports (to the nearest \$1,000).
2. Revenue includes net interest income, fee income and other operating gains/(losses) as disclosed in the abovementioned Financial Reports.
3. Operating expenses does not include impairment of exploration and evaluation expenditure.
4. Other expenses include impairment of exploration and evaluation expenditure.

3.6. POZ Statement of Financial Position

The audited consolidated statement of financial position of POZ as at 31 December 2014, 30 June 2014 and 30 June 2013 is set out below.¹

\$	Six months to 31 December 2014	30 June 2014	30 June 2013
CURRENT ASSETS			
Cash and cash equivalents	3,456,219	1,706,470	2,220,824
Trade and other receivables	29,917	22,048	18,208
Other	34,756	34,020	36,879
	3,520,892	1,762,538	2,275,911
TOTAL CURRENT ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	56,986	63,908	89,585
Environmental bond	11,269	12,397	12,397
Available-for-sale financial assets	1,259,215	0	0
Exploration and evaluation expenditure	3,519,368	4,906,373	4,593,836
TOTAL NON CURRENT ASSETS	4,846,837	4,982,678	4,695,818
TOTAL ASSETS	8,367,730	6,745,216	6,971,729
CURRENT LIABILITIES			
Trade and other payables	21,841	27,215	100,997
Provisions	15,612	14,099	23,357
TOTAL LIABILITIES	37,453	41,314	124,354
NET ASSETS	8,330,277	6,703,902	6,847,375
EQUITY			
Issued capital	14,590,806	14,590,606	14,590,606
Share option reserve	308,805	198,165	195,925
Accumulated losses	(6,569,134)	(8,084,869)	(7,939,156)
TOTAL EQUITY	8,330,277	6,703,902	6,847,375

Notes:

1. The above information has been drawn from the audited financial statements for POZ and its controlled entities and associated disclosure included in its Annual Reports for the years ended 2013 and 2014. The information has also been drawn from the audit reviewed Interim Financial Report for the six months ended 31 December 2014.

3.7. Commentary on POZ financial results

The following commentary on the financial results for POZ for the 6 months ended 31 December 2014 was drawn from the Interim Financial Report.

The consolidated profit from ordinary activities after income tax of POZ for the six months ended 31 December 2014 was \$1,472,930 (compared to a profit of \$71,093 for the six months ended 31 December 2013). The following activities were undertaken by POZ during the six months ended 31 December 2014:

- POZ announced it had sold the Tuckanarra Gold Project to Monument Mining Ltd (MMY, a Canadian gold producer listed on the TSX-V exchange) for consideration of \$2,000,000 and 10,000,000 shares in MMY. The sale of the project was completed on 12 November 2014. The MMY common shares were issued at a deemed price of C\$0.25 cents per share. At 31 December 2014, the MMY shares had a market value of A\$1,132,635.
- The Musgrave Project lies in the Musgrave Province of Western Australia. The project is currently operated (under option) by ASX listed PepinNini Minerals Limited (PNN). POZ are 20% free carried until completion of a bankable feasibility study or PNN expending \$15 million on the tenements (at which point POZ becomes a contributing party). At any point after the formation of the Joint Venture, POZ may elect to convert its 20% interest to a 1% gross revenue royalty. During the period, an aeromagnetic survey was completed by PNN across part of the exploration licence to examine a geological environment considered to be prospective for nickel and copper mineralisation.
- There is ongoing promotion of the Nicholson Iron project within China with the aim of finding a strategic partner to assist in development.
- The Highland Plains phosphate project has a JORC (2004) compliant Inferred Resource of 53 million tonnes at 16% P₂O₅ at a cut-off grade of 10% P₂O₅. Substantial drilling and scoping study work has been done at Highland Plains with proposed solutions for beneficiation to higher grades and product transport logistics using a slurry pipeline. POZ is targeting the production and sale of 2-3 million tonnes per annum of premium grade phosphate. Management have been exploring commercial options for Highland Plains which includes the sourcing of a strategic partner or the possibility of a trade sale.

3.8. ASX announcements

POZ is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require POZ to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning POZ of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in POZ, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to the Company may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to the Company may be obtained from, or inspected at, an office of the ASX.

Since 30 June 2014, POZ has issued the following announcements to the ASX:

Date	Announcement
13/03/2015	Half Year Accounts
9/03/2015	Change in substantial holding
11/02/2015	Change in substantial holding
11/02/2015	Change of Director's Interest Notices
28/01/2015	Quarterly Activities Report
28/01/2015	Quarterly Cashflow Report
20/01/2015	PNN: PepinNini Commences Spinifex Range Magnetics
05/01/2015	Becoming a substantial holder
24/11/2014	Change in substantial holding
24/11/2014	Change of Director's Interest Notice
18/11/2014	Change of Director's Interest Notice
12/11/2014	Completion of Tuckanarra Sale
5/11/2014	Change of Director's Interest Notice
5/11/2014	Appendix 3B
5/11/2014	Appendix 3B
5/11/2014	Results of Meeting
29/10/2014	Quarterly Activities Report
29/10/2014	Quarterly Cashflow Report
22/10/2014	Sale of Tuckanarra Gold Project Extension of Completion Date
3/10/2014	Notice of Annual General Meeting
3/10/2014	Annual Report to Shareholders
23/09/2014	PNN: Spinifex Range Ni-Cu-PGE Project Exploration Strategy
15/09/2014	Sale of Option over the Ni-Cu-PGE-V Musgrave Project, WA
15/09/2014	PNN: Purchase option over Ni-Cu-PGE project in West Musgrave
11/09/2014	Annual Financial Report
2/09/2014	AYR: Key Horse Well Tenement Acquired
2/09/2014	Option Exercised For \$50,000
29/08/2014	Sale of Tuckanarra Gold Project for \$3.9 million
24/07/2014	Quarterly Activities Report
24/07/2014	Quarterly Cashflow Report

3.9. POZ Options

At 31 December 2014, the following options were outstanding in respect of unissued ordinary shares in POZ.

Number of Shares Under Options	Exercise Price	Expiry Date
6,000,000	8 cents	26 November 2015
300,000	6.5 cents	21 December 2015
400,000	2 cents	28 January 2016
400,000	1.9 cents	5 November 2016
5,000,000	1.9 cents	5 November 2017

4. Mercantile's intentions

4.1. General

This Section 4 sets out Mercantile's intentions in relation to:

- the continuation of POZ's business;
- any significant changes to be made to POZ's business, including any redeployment of POZ's fixed assets; and
- the future employment of POZ's employees.

Mercantile's intentions are based on the information known and the circumstances that exist at the date of this Bidder's Statement.

Mercantile has reviewed information in the public domain concerning POZ, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of POZ's operations, Mercantile's intentions in relation to POZ are summarised below. Statements set out in this Section are statements of current intentions only which may change as new information becomes available or circumstances change.

4.2. Strategic review

As Mercantile does not currently have access to all material information, facts and circumstances which it considers necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. Upon completion of the Offer, Mercantile proposes to conduct a review of the strategy, operations, activities, assets and employees of POZ in light of the information which then becomes available to it (**Review**).

Final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

4.3. Mercantile's intentions upon acquisition of 90% or more of POZ Shares

This Section sets out Mercantile's intentions if it acquires 90% or more of POZ Shares and becomes entitled to proceed to compulsory acquisition under the Corporations Act for the POZ Shares.

- At this point in time Mercantile intends to proceed to compulsory acquisition of the remaining POZ Shares if it is entitled to do so under the Corporations Act.
- Mercantile will seek to remove POZ from the Official List of ASX.
- Mercantile intends to replace all non-executive members of the POZ board of directors with nominees of Mercantile. If Mercantile does not proceed with compulsory acquisition of the POZ Shares it does not own, it will undertake the actions referred to in Section 4.5.
- Mercantile intends to undertake the Review.
- Mercantile expects to continue to operate POZ's business in substantially the same manner as it is presently operated by POZ until the outcome of the Review is known.
- Mercantile may at, at some later time, acquire further POZ Shares in a manner consistent with the Corporations Act.

4.4. Mercantile's intentions upon acquisition of more than 50.1% but less than 90% of POZ Shares

This Section sets out Mercantile's current intentions if, by virtue of acceptance of the Offer, Mercantile was to gain effective control of POZ without becoming entitled to compulsorily acquire the outstanding POZ Shares.

In the event that Mercantile achieves a Relevant Interest in POZ of more than 50.1% but less than 90%, Mercantile's current intentions are as set out below.

- POZ will become a controlled entity of Mercantile.
- Subject to the Corporations Act and the Review, Mercantile proposes to seek the appointment of a majority of Mercantile nominees to the board although it has not made any decision as to who would be nominated for appointment. Mercantile may also seek to add to, replace or reorganise the roles of a proportion of the members of the POZ board of directors to reflect the proportionate ownership interest of Mercantile and other POZ Shareholders.
- Mercantile will seek to remove POZ from the Official List of ASX.
- Mercantile intends to undertake the Review.
- Mercantile intends to undertake the activities referred to in Section 4.4 to the extent permitted by its control of POZ.
- Mercantile may, at some later time, acquire further POZ Shares in a manner consistent with the Corporations Act.
- If Mercantile becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights.

4.5. Mercantile's intentions upon acquisition of less than 50.1% of POZ Shares

If Mercantile does not achieve a Relevant Interest in POZ of 50.1%, Mercantile will endeavour, to the extent possible through its non-controlling holding of POZ Shares, to give effect to the current intentions set out in Section 4.4. However, Mercantile considers that its ability to effect the intentions set out in Section 4.4 will be significantly limited if Mercantile is unable to achieve a Relevant Interest in POZ of more than 50.1%.

Mercantile may consider acquiring additional POZ Shares under the "creep" provisions of Item 9 in Section 611 of the Corporations Act (which provides that Mercantile and its Associates may acquire up to 3% of POZ Shares every 6 months) until it achieves a majority Voting Power. Mercantile has not yet decided whether it will acquire further POZ Shares as this will depend upon the extent to which Mercantile has the capacity to acquire further POZ Shares and market conditions at that time.

4.6. POZ Options

The Offer does not extend to POZ Options on issue other than to the extent that those options are exercised and POZ Shares issued on exercise are quoted by ASX prior to expiry of the Offer Period. Mercantile will bid for any POZ Shares which are issued and quoted by ASX as a result of any POZ Options being exercised prior to the expiry of the Offer Period. Details of the POZ Options are set out in Section 3.9.

Mercantile recognises that if POZ Options are exercised after the expiry of the Offer Period, Mercantile's shareholding in POZ will be diluted. The ability of Mercantile to give effect to its intentions outlined in Section 4 may be affected by any dilution.

There are up to 5,800,000 POZ Options with an exercise price at the Offer Price or lower. If those 5,800,000 POZ Options were exercised they would equal 3.5% of POZ Shares on a diluted basis.

4.7. Intentions generally

Except for the changes and intentions set out in Section 4, Mercantile intends, based on the information presently known to it:

- to continue the POZ business;
- not to make any major changes to the business of POZ (other than to implement the initiatives previously announced by POZ through ASX) or the deployment of POZ's assets; and
- not to make any changes to the employment of POZ's employees.

4.8. Limitations on intentions

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and "related party" transactions given that, if Mercantile gains control of POZ but does not acquire all of the POZ Shares, it will be treated as a related party of POZ for these purposes;
- the legal obligation of the POZ directors at the time, including any nominees of Mercantile, to act in good faith and the best interests of POZ and for proper purposes and to have regard to the interest of all POZ Shareholders (in which regard the role of independent directors of POZ will also be important); and
- the outcome of the Review.

5. Sources of Bid Consideration

5.1. Consideration under the Offer

The total amount that Mercantile would be required to pay for POZ Shares if Mercantile acquires all of the POZ Shares on issue on the date of this Bidder's Statement in which it does not have a Relevant Interest (assuming that none of the POZ Options are exercised) is \$2,933,659 plus brokerage.

If the holders of all 12,100,000 POZ Options currently on issue exercise those options and accept the Offer in respect of POZ Shares issued, an additional amount of approximately \$242,000 will be payable by Mercantile under the Offer. Section 3.9 details all POZ Options issued. There are 6,300,000 POZ Options unlikely to be exercised, as their exercise price is above the Offer Price. There are 400,000 POZ Options exercisable at the Offer Price, with 5,400,000 exercisable at 1.9 cents, which is slightly below the Offer Price.

The total cash consideration payable by Mercantile as described in this Section 5 excludes any brokerage payable by Mercantile to Shaw Stockbroking.

5.2. Commitment of Mercantile Funding

Mercantile has received a letter of commitment from Sir Ron Brierley, under which Sir Ron Brierley has committed to loan Mercantile, on an unsecured basis, the funds necessary to pay the Offer consideration. This loan must be repaid by Mercantile 1 year after the closing date of the Offer. Interest on this loan will accrue at the rate Reserve Bank of Australia Cash rate.

Funds made available to Mercantile under the commitment letter:

- are immediately available and are not subject to any conditions or limitations to drawdown; and

- are sufficient to fund the maximum available amount of consideration payable under the Offer and all associated transaction costs.

The Offer is not subject to a financing condition.

6. Tax considerations

6.1. General

The following is a summary of the principal Australian tax consequences, which may be generally applicable to POZ Shareholders who dispose of their POZ Shares under the Offer for cash consideration. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every POZ Shareholder. You should make your own inquiries and seek independent professional advice on your circumstances.

The comments set out below are relevant only to those POZ Shareholders who hold their POZ Shares as capital assets for the purpose of investment and who do not (or would not) hold those POZ Shares in connection with the conduct of a business. Certain POZ Shareholders (such as those engaged in a business of trading or investment, those who acquired their POZ Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds or persons who acquired their POZ Shares in the course of their employment with POZ) will or may be subject to special or different tax consequences specific to their circumstances.

The following outline is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. POZ Shareholders should seek independent professional advice regarding the taxation consequences of disposing of POZ Shares in the light of their own particular circumstances.

6.2. Australian-resident Shareholders

If you accept the Offer, you will be treated as having disposed of your POZ Shares. If you held them on capital account and you dispose of them, such a disposal may constitute a CGT event for CGT purposes. Australian resident POZ Shareholders may make a capital gain or capital loss on the disposal of their POZ Shares under the Offer.

In general, the capital gain or loss on the disposal of a POZ Share under the Offer is the difference between the value of the capital proceeds (i.e. the cash consideration received from Mercantile) and the cost base of the POZ Share. The cost base of POZ Shares is generally their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base. The capital loss will be calculated on the basis of the difference between the capital proceeds and the reduced cost base of the POZ Share.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Capital gains made during an income year are reduced by any capital losses made during that same income year. This may be reduced further by capital losses carried forward from prior years. A 'CGT Discount' may be available to further reduce the taxable gain for certain POZ Shareholders (see further below). The remaining net capital gain is included as assessable income in your income tax return and is subject to income tax at your marginal tax rate in the year in which you dispose of the shares. A net capital loss may be carried forward to be offset against future capital gains (not against other income for income tax purposes).

A POZ Shareholder who is an individual, complying superannuation entity or trustee of a trust may be eligible for a 'CGT Discount' if they acquired (or are deemed to have acquired) their POZ Shares at least 12 months before the time they accept the Offer. The CGT Discount is not available to companies, nor does it apply to POZ Shares owned (or deemed to be owned) for less than the relevant 12 month period.

6.3. Non-resident Shareholders

POZ Shareholders who are not resident in Australia for tax purposes should also consider the tax consequences of the disposal of POZ Shares under the Offer under the laws of their country of residence, as well as under Australian law. In Australia, the CGT rules only apply to non-residents of Australia in relation to 'taxable Australian property'. POZ Shares held by a POZ Shareholder who is not an Australian resident for tax purposes will be taxable Australian property only if:

- (a) the shares are an indirect Australian real property interest; or
- (b) the shares were used at any time by the POZ Shareholder in carrying on a business through a permanent establishment in Australia; or
- (c) the shares were included under a CGT deferral election when the shareholder ceased to be an Australian resident.

POZ Shares will generally not constitute an indirect Australian real property interest unless the total market value of Australian real property assets is more than 50% of the total market value of POZ's assets and the shareholding represents at least 10% (including associate interests) of either the total shares or voting right or distribution rights.

6.4. Stamp duty and GST

Any stamp duty payable pursuant to the Offer will be the liability of Mercantile and will be paid by Mercantile. POZ Shareholders may be charged GST on costs (such as advisor fees) that relate to their participation in the Offer. POZ Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

7. Information on POZ securities

7.1. POZ capital structure

As at the date of this Bidder's Statement, there are 161,168,333 POZ Shares on issue.

As at the date of this Bidder's Statement, there are 12,100,000 POZ Options on issue.

7.2. POZ Share trading

POZ Shares are thinly traded. The average daily volume of POZ Shares traded on ASX in the 12 month period to 27 March 2015 was 297,497. The average daily value of POZ Shares traded on ASX in the 12 month period to 27 March 2015 was \$5,191. In that period, the highest closing price, lowest closing price and VWAP of POZ Shares traded on ASX were as follows:

Low – \$0.008

High – \$0.024

VWAP – \$0.0174

POZ paid no dividends during the same period. Over the same period, Mercantile and its Associates have acquired a total of 14,485,373 POZ Shares representing approximately 19.2% of POZ Shares traded in the 12 months to 27 March 2015. Over the four months to 27 March 2015 Mercantile and its Associates acquired 13,485,373 shares representing 75.7% of all POZ Shares traded in this period.

7.3. Mercantile's interests in POZ

As at the date of this Bidder's Statement, Mercantile had a Relevant Interest in 14,485,373 POZ Shares.

As at the date of this Bidder's Statement, Mercantile and its Associates had Voting Power of 9.0% in POZ.

7.4. No collateral benefits

Neither Mercantile nor any Associate of Mercantile has, during the period of 4 months ending on the day immediately before the date of Offer, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of POZ Shares,

which benefit was not offered to all POZ Shareholders under the Offer.

7.5. No escalation agreements

Neither Mercantile nor any Associate of Mercantile has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

7.6. Dealings in POZ Shares

In the 4 months prior to the date of the Offer, Mercantile or its Associates engaged in the following dealings in POZ Shares:

Date of Transaction	Relevant Party	Details of Transaction	Consideration per share
9/12/2014	Siblow Pty Ltd	Bought 5,177	0.016
11/12/2014	Siblow Pty Ltd	Bought 35,500	0.016
12/12/2014	Siblow Pty Ltd	Bought 30,000	0.016
18/12/2014	Siblow Pty Ltd	Bought 166,666	0.016
23/12/2014	Siblow Pty Ltd	Bought 1,762,657	0.016
30/12/2014	Mercantile Investment Company Ltd	Bought 8,625,514	0.016
22/01/2015	Mercantile Investment Company Ltd	Bought 454,666	0.016
28/01/2015	Mercantile Investment Company Ltd	Bought 93,333	0.016
29/01/2015	Mercantile Investment Company Ltd	Bought 684,114	0.016
6/02/2015	Mercantile Investment Company Ltd	Bought 10,000	0.016
9/02/2015	Mercantile Investment Company Ltd	Bought 128,333	0.016
11/02/2015	Mercantile Investment Company Ltd	Bought 4,040	0.016
12/02/2015	Mercantile Investment Company Ltd	Bought 33,023	0.016
13/02/2015	Mercantile Investment Company Ltd	Bought 100,000	0.016
23/02/2015	Mercantile Investment Company Ltd	Bought 56,666	0.016
25/02/2015	Mercantile Investment Company Ltd	Bought 5,333	0.016
3/03/2015	Mercantile Investment Company Ltd	Bought 40,000	0.016
4/03/2015	Mercantile Investment Company Ltd	Bought 464,978	0.016
5/03/2015	Mercantile Investment Company Ltd	Bought 785,373	0.016

Notes:

1. All shares purchased and held by Siblow Pty Ltd were transferred off-market to Mercantile Investment Company Ltd on 27 January 2015.

8. Additional Information

8.1. Material Contracts

Mercantile is not aware of the terms of any contracts to which POZ or any of its controlled entities are a party which contain provisions entitling the contract counterparty to terminate the contract in the event of a change of control of POZ.

Mercantile has not engaged in any discussions with any party with whom POZ or a controlled entity of POZ has a substantive contract for the provision of goods or services to assess the impact of a change of control of POZ on any contract.

8.2. Regulatory Approvals

There are no regulatory approvals that Mercantile needs to obtain before acquiring POZ Shares under the Offer.

8.3. Consents

Shaw Stockbroking Limited (**Shaw Stockbroking**) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as Broker to the Offer in this Bidder's Statement in the form and context in which it is so named.

Watson Mangioni Lawyers Pty Limited (**Watson Mangioni**) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as legal advisors to the Offer in the form and context in which it is named.

Each of Shaw Stockbroking and Watson Mangioni:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified as in this Section;
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

8.4. Other material information

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to Mercantile and has not previously been disclosed to the holders of POZ Shares) other than as disclosed in this Bidder's Statement.

8.5. Power to withdraw

Mercantile may only withdraw unaccepted Offers made under this bid if a Prescribed Occurrence takes place during the Offer Period, but only if Mercantile's voting power in POZ, at the time of the Prescribed Occurrence is at or below 50%.

Mercantile may also immediately withdraw unaccepted Offers made under this bid upon the occurrence of an Insolvency Event (regardless of the level of Mercantile's voting power in POZ) at the time that Insolvency Event occurs.

8.6. Effect of withdrawal

This Offer is incapable of acceptance if withdrawn.

8.7. Extension of Offer Period

Mercantile may vary this Offer by extending the Offer Period, in accordance with Section 649C of the Corporations Act.

8.8. Variation

Mercantile reserves the right to vary this Offer in accordance with the provisions of Section 649A of the Corporations Act.

8.9. ASIC modifications and exemptions

This Bidder's Statement includes or is accompanied by statements that are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. A list of all such documents is set out in Section 3.8.

In accordance with your right to obtain a copy of the above documents free of charge pursuant to ASIC Class Order 01/1543, please contact Mercantile on 02 8014 1188.

Mercantile has not obtained from ASIC any modifications or exemptions from the Corporations Act in relation to the Offer.

8.10. Costs and expenses

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer, and all transfer duty payable on transfer of your POZ Shares will be paid by the Bidder.

9. Definitions and Interpretation**9.1. Definitions**

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

\$	Australian Dollars, unless otherwise specified.
Announcement Date	The date on which the Offer was announced to ASX, namely [date].
ASIC	Australian Securities & Investments Commission.
Associate	Has the same meaning given to that term in section 9 of the Corporations Act
ASX	ASX Limited (ABN 98 008 624 691).
Bidder's Statement	The contents of this booklet.
Broker	Shaw Stockbroking Limited (ABN24 003 221 583).
CGT	Capital gains tax.

CHESS	The Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.
CHESS Holding	A holding of POZ Shares on the CHESS subregister of POZ.
controlled entity	Has the meaning given to that word in the Corporations Act.
Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of Mercantile.
Governmental Agency	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
GST	Goods and services tax.
Insolvency Event	means any of the events described in Section 652C(2) of the Corporations Act.
Listing Rules	The listing rules of ASX.
Mercantile	Mercantile Investment Company Limited (ACN 121 415 576).
Offer	The offer to acquire POZ Shares which will be made on-market by Mercantile, as set out in Section 1 of this Bidder's Statement.
Offer Period	The period for which the Offer remains open being the period from 14 April 2015 to 14 May 2015 unless extended or withdrawn in accordance with the Corporations Act.
Offer Price	\$0.02 per POZ Share.
POZ	Phosphate Australia Limited (ACN 129 158 550).
POZ Option	An option to acquire POZ Shares as described in Section 3.9.
POZ Share	A fully paid ordinary share in the capital of POZ.
POZ Shareholder	A registered holder of POZ Shares.
Prescribed Occurrence	means any of the following events: <ul style="list-style-type: none"> (a) POZ converts all or any of its shares into a larger or smaller number of shares; (b) POZ or a Subsidiary of POZ resolves to reduce its share capital in any way; (c) POZ or a Subsidiary of POZ: <ul style="list-style-type: none"> (i) enters into a buy-back agreement; or (ii) resolves to approve the terms of a buy-back agreement under Section 257C(1) or Section 257D(1) of the Corporations Act;

- (d) POZ or a Subsidiary of POZ issues shares (other than shares issued through the exercise of the outstanding options or conversion of the convertible unsecured notes, refer to Section 6.5), or grants an option over its shares or agrees to make such an issue or grant such an option;
- (e) POZ or a Subsidiary of POZ issues, or agrees to issue, convertible notes;
- (f) POZ or a Subsidiary of POZ disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) POZ or a Subsidiary of POZ charges, or agrees to charge, the whole or a substantial part, of its business or property;
- (h) POZ or a Subsidiary of POZ resolves that it be wound up;

Rights	means all accretions, rights or benefits of whatever kind attaching to or arising from POZ Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by POZ or any of its subsidiaries;
Relevant Interest	Has the meaning given in sections 608 and 609 of the Corporations Act.
Security	Has the meaning given in Section 92 of the Corporations Act.
Trading Day	Has the meaning given in the Listing Rules.
Voting Power	Has the same meaning given to that term in section 610 of the Corporations Act.
VWAP	Volume weighted average price

9.2. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (g) headings are included for convenience only and do not affect interpretation;

- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms included, including and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:
 - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

10. Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution of the directors of Mercantile.

Dated 30 March 2014

Signed

For and on behalf of Mercantile Investment Company Limited



Ron Brierley
Chairman

Annexure A
Announcement regarding Offer

Mercantile Investment Company Limited

ABN 15 121 415 576
Level 11, 139 Macquarie Street
Sydney NSW 2000
Tel 02 8014 1188
Fax 02 8084 9918

30 March 2015

The Manager
Company Announcements
ASX Limited

ASX ANNOUNCEMENT

MERCANTILE INVESTMENT COMPANY LIMITED'S ON-MARKET TAKEOVER OFFER FOR PHOSPHATE AUSTRALIA LIMITED AT \$0.02 PER SHARE

The Directors of Mercantile Investment Company Limited (**Mercantile**) are pleased to announce that Mercantile is making an unconditional cash offer to acquire all shares in Phosphate Australia Limited (ACN 129 158 550) (ASX code: POZ) (**POZ**) via an on-market takeover bid.

Shaw Stockbroking Limited ACN 003 221 583 (**Shaw Stockbroking**) will, on behalf of Mercantile, offer to acquire on-market at \$0.02 per POZ share, all of the fully paid ordinary shares in the capital of POZ that are listed for quotation on ASX that exist from today until the close of the offer period.

Details of the offer are set out in the Bidder's Statement, which can be viewed at <http://www.mercantileinvestment.com.au/>

Details from Shaw Stockbroking are set out in its announcement, attached.

For further information, contact:

Gabriel Radzynski
Ph: 02 8014 1188