

PHOSPHATE AUSTRALIA LIMITED
ACN 129 158 550

OFFER DOCUMENT
RIGHTS ISSUE

Non-renounceable pro rata entitlement to 1 New Share for every 3 Shares held at an issue price of 1 cent per New Share to raise up to approximately \$402,920.

Offer closes at 5.00pm WST on 6 June 2013

The Offer is partly underwritten by the Directors or entities associated with the Directors

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed decision regarding, or about the rights attaching to, the New Shares.

You should read the entire document before deciding whether to accept the offer of New Shares. If you have any questions about the Offer or the action you should take, you should speak to your professional adviser.

IMPORTANT NOTICE

This Offer Document has been prepared by Phosphate Australia Limited ACN 129 158 550 ("**Company**") and is issued pursuant to the requirements of section 708AA of the Corporations Act as modified for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act.

This document is not a prospectus under the Corporations Act and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless this document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

Information about the Company

The Company is listed on ASX, and our Shares are granted official quotation by ASX. In preparing this Offer Document, we have had regard to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. Information about the Company is publicly available and can be obtained from ASIC and ASX. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company. You should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to subscribe for New Shares.

Not investment or financial product advice

The information in this document is not investment or financial product advice, does not purport to contain all the information that you require in evaluating a possible acquisition of New Shares in the Company and has been prepared without taking into account the investment objectives, financial situation, tax position and needs of you or any particular investor.

Before deciding whether to apply for New Shares, you should conduct your own independent review, investigation and analysis of the Company and New Shares in light of your personal circumstances (including financial and taxation issues). You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

Overseas shareholders

The Company has reviewed the register of Shareholders of the Company and has determined that this document will only be sent to Shareholders with a registered address in Australia or New Zealand on the Record Date. This document may not be distributed and does not constitute an offer in any other jurisdiction unless otherwise determined by the Company.

Disclaimer of representatives

No person is authorised to give any information or to make any representation, in connection with the Rights Issue that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Rights Issue.

Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on the investment made pursuant to this Offer Document.

Financial data

All dollar values are in Australian dollars (\$).

Defined terms

Terms used in this Offer Document are defined in the Glossary. The words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

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1. KEY INFORMATION

SUMMARY OF RIGHTS ISSUE OFFER	
Offer	1 New Share for every 3 Shares held on the Record Date.
Issue Price	1 cent per New Share.
Number of New Shares to be issued	<p>Up to 40,292,083 approximately.</p> <p>The precise number of New Shares to be issued is not known and will vary depending on how many Shares are on issue on the Record Date and the number of Shares applied for under the Offer.</p>
Funds raised	<p>Up to \$402,920 approximately.</p> <p>The precise amount of funds that will be raised is not known and will vary depending on how many Shares are on issue on the Record Date and the number of Shares applied for under the Offer.</p>
Use of funds	<p>At Minimum Subscription, funds are intended to be used to:</p> <ul style="list-style-type: none">• advance the Tuckanarra Gold Project; and• pay the costs of the rights issue process. <p>In the event that greater than Minimum Subscription is raised, funds will be applied to general working capital.</p>
Entitlement to participate in Offer	<p>All Shareholders on the Record Date are entitled to participate in the Offer.</p> <p>Option-holders are not entitled to participate in the Offer unless they exercise their options before the Record Date.</p>
Shortfall facility	Eligible Shareholders may apply for additional New Shares out of the Shortfall. The Directors have reserved the right to place the Shortfall at their discretion.
Underwriting	The Directors or entities associated with the Directors will partly underwrite the Rights Issue to a total of \$200,000.

2. TIMETABLE

Event	Date
Announcement of Rights Issue	Wednesday 8 May 2013
Shares quoted on an "ex" basis (date from which the Shares commence trading without the entitlement to participate in the Offer).	Monday, 13 May 2013
Record Date (date for identifying Shareholders entitled to participate in the Offer).	Friday, 17 May 2013
Offer Document with Entitlement Form sent to Eligible Shareholders	Thursday, 23 May 2013
Offer opens.	Thursday, 23 May 2013
Closing Date (last date for lodgement of Entitlement Forms and Application Money)	Thursday, 6 June 2013
Trading of New Shares commences on a deferred settlement basis	Friday, 7 June 2013
Company to notify ASX notified of the Shortfall (if any)	Wednesday, 12 June 2013
Issue of New Shares and issue of transaction confirmation statements for New Shares	Monday, 17 June 2013
Normal trading of New Shares on ASX	Tuesday, 18 June 2013

The timetable outlined above is indicative only and subject to change. The Directors reserve the right to vary these dates including the Closing Date, subject to the Listing Rules and the Corporations Act. The Directors also reserve the right not to proceed with the whole or part of the Rights Issue at any time prior to the issue of New Shares. In that event, the Application Money will be returned without interest.

3. DETAILS OF THE RIGHTS ISSUE

3.1 The Rights Issue

Eligible Shareholders are invited to participate in a non-renounceable pro rata entitlements rights issue on the basis of 1 New Share for every 3 Shares (1:3) held as at the Record Date (5.00pm WST on 17 May 2013), at an issue price of 1 cent per New Share. The Offer is partly underwritten by the Directors or entities associated with the Directors.

The Company currently has 120,876,250 Shares and 7,750,000 options on issue. Based on the current capital structure of the Company, up to 40,292,083 New Shares will be issued under the Offer to raise \$402,920 (before the costs of the issue). If any of the options are exercised before the Record Date then the number of New Shares that may be issued under the Offer could increase.

The New Shares will rank equally in all respects with existing Shares.

3.2 Purpose and use of proceeds

The Rights Issue will increase the total number of Shares on issue and increase our cash reserves by up to \$402,920 (before costs).

The funds raised at Minimum Subscription are intended to be used to advance the Tuckanarra Gold Project (metallurgical work and permitting). Thereafter, it is intended to apply funds to working capital of the Company.

The table below assumes Minimum Subscription (raising \$250,875) and a full take-up of Entitlements.

Use of proceeds	Minimum Subscription	Full subscription
Advance the Tuckanarra Gold Project (metallurgical work and permitting)	\$222,375	\$222,375
Working capital	\$0	\$150,915
Expenses related to Rights Issue	\$28,500	\$29,000
Total proceeds	\$250,875	\$402,290

* The Directors have committed to take up their full entitlement under the Offer. The Minimum Subscription assumes that the Directors take up their full entitlement under the Offer and they or entities associated with them are called on to subscribe for the full underwritten amount and that all other Eligible Shareholders take up none of their entitlement. If the Company raises more than the Minimum Subscription (\$250,875) but less than full subscription (\$402,920), then the Company intends to allocate the additional funds to working capital.

Working capital includes corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal and audit fees and travel costs.

This table is a statement of our current intentions. As with any budget, intervening events and new circumstances have the potential to cause a variation of the way the funds will be used.

3.3 Capital structure

The Rights Issue will increase the total number of Shares on issue by approximately 40,292,083 Shares. The following table shows the proposed capital structure of the Company on completion of the Rights Issue assuming the maximum number of New Shares is issued under the Rights Issue.

Security	Number as at this Offer Document	Number following completion of Rights Issue*
Shares	120,876,250	161,168,333
Options (unquoted)	7,750,000	7,750,000

*The actual number may differ due to rounding or in the event that options are exercised before the Record Date. The options have various exercise prices and expiry dates.

3.4 Eligible Shareholders

The Rights Issue is available to all Shareholders whose registered address on the Record Date is situated in Australia or New Zealand. As a non-renounceable offer, Eligible Shareholders may not sell or otherwise dispose of their rights to apply for New Shares under the Offer.

The holders of options are not eligible to participate in the Rights Issue unless they exercise their options before the Record Date.

3.5 Entitlements

Only Eligible Shareholders may apply for New Shares under the Offer. The entitlement to participate will be determined on the Record Date. The number of New Shares to which you are entitled is shown on the personalised Entitlement Form which accompanies this Offer Document. Fractional entitlements have been rounded down to the nearest whole number.

You are encouraged to apply for New Shares as early as possible. To apply for the New Shares under the Offer, you must complete your Entitlement Form and lodge it together with payment for the New Shares by no later than the Closing Date (5pm WST on 6 June 2013). Please see section 6 of this Offer Document for further information regarding the acceptance of the Offer.

The Offer will lapse if you do not accept your Entitlement by the Closing Date.

3.6 Closing Date

We will accept applications from the Opening Date until 5pm (WST) on 6 June 2013 or such other date as the Directors may determine, subject to the requirements of the Corporations Act and the Listing Rules.

3.7 **Minimum Subscription**

Minimum Subscription under the Rights Issue is \$250,875.

3.8 **Underwriting**

The Rights Issue is partly underwritten by the Directors and entities associated with the Directors up to a total amount of \$200,000. Further information about the underwriting arrangements and the potential impact on control is set out in section 4.

3.9 **Shortfall**

Any New Shares not applied for by Eligible Shareholders under the Rights Issue will form the Shortfall.

Subject to the Corporations Act and the requirements of the Listing Rules, the Directors reserve the right to place some or the entire Shortfall at their discretion within 3 months of the close of the Offer. The Directors may, at their discretion, place the Shortfall with Eligible Shareholders or other investors, subject to the Corporations Act and Listing Rules, and may make this offer pursuant to this Offer Document. The issue of any Shares comprising the Shortfall will be at the discretion of the Directors.

The issue price of the New Shares forming the Shortfall will be 1 cent per Share (equal to the Issue Price under the Rights Issue).

Eligible Shareholders may apply for additional New Shares forming part of the Shortfall, provided that they take up their full entitlement shown on the Entitlement Form. The allocation of New Shares is limited to the Shortfall and is at the discretion of the Directors. Accordingly, Eligible Shareholders who wish to apply for additional New Shares may receive fewer shares than that number which they applied for. In that event, any surplus Application Money received will be returned in full (without interest) as soon as practicable after the closing of the Offer.

Eligible Shareholders wishing to apply for additional New Shares under the Shortfall should do so in accordance with the instructions on the Entitlement Form. Any Eligible Shareholder applying for additional New Shares under the Shortfall is responsible for ensuring that they will not obtain voting power in the Company in excess of 20% and in breach of the takeover thresholds in the Corporations Act.

4. UNDERWRITING ARRANGEMENTS AND EFFECT OF OFFER ON CONTROL

4.1 Underwriting

The Directors or entities associated with the Directors have agreed to partly underwrite the Right Issue as follows:

Director	Underwritten Amount	Underwritten Shares
James Richards	\$90,000	9,000,000
Grant Mooney (underwriter - Ocean Flyers Pty Ltd)	\$60,000	6,000,000
Mark Thompson (underwriter - Kelly Thompson)	\$50,000	5,000,000
Total	\$200,000	20,000,000

The Company and the Underwriters have entered into separate Underwriting Agreements under which each Underwriter has agreed to partly underwrite the Rights Issue and take up an agreed portion of the Shortfall (as set out in the table above). Under the Underwriting Agreements, the Underwriters must lodge applications for the Shortfall up to the underwritten amount (\$200,000) within 3 business days of receiving notice of the Shortfall from the Company.

The terms of the Underwriting Agreements are favourable to the Company in that unlike agreements that are customary for these types of arrangements:

- The Underwriting Agreements do not include any termination events;
- The Underwriters will not receive any underwriting fees; and
- The Company has not agreed to indemnify the Underwriters against their losses in connection with the Rights Issue.

4.2 Effect of the Offer on control of the Company

The principal effect of the Rights Issue on the Company's capital structure will be to increase the total number of issued Shares. The effect of the Rights issue on the control of the Company will be as follows:

- If all Eligible Shareholders as at the Record Date take up their full Entitlements under the Offer, the Offer will have no effect on the control of the Company.
- If Eligible Shareholders take up only some of their Entitlements under the Offer, then the Offer will have an effect on voting power because the Shortfall will be available and the Directors, or entities associated or controlled by them, will be required to take up the New Shares under the Underwriting Agreements. Despite this, the Company is of the view that the Offer will have not have a material effect on the control of the Company (for the reasons explained below).

To the extent that you do not take up your Entitlement as an Eligible Shareholder, your proportionate shareholding interest and voting power in the Company will be diluted. The extent of that dilution will depend on the degree to which Eligible Shareholders take up their Entitlements. The Directors have advised the Company that they intend to take up their full Entitlements.

The number of Shares held by the Directors and the voting power of each Director as at the date of this Offer Document is as follows:

Director	Number of Shares	Voting power
James Richards	15,000,000	12.41%
Grant Mooney	262,500	0.22%
Mark Thompson	0	0%

The voting power of the Directors in the Company will increase as a result of the underwriting of the Rights Issue. However, neither Grant Mooney nor Mark Thompson will become a substantial shareholder in the Company. They will obtain voting power in less than 5% of the Shares, even if no Eligible Shareholders (other than the Directors) take up any of their Entitlements and entities associated or controlled by them are called on for their full underwritten amount.

James Richards is the largest Shareholder of the Company. The maximum number of New Shares that may be issued to James Richards under the Rights Issue and his Underwriting Agreement is 14,000,000 Shares, which will increase his voting power to 19.87% if no Eligible Shareholders (other than the Directors) take up any of their Entitlements (Scenario 5 in the table below). It is a term of the Underwriting Agreement with James Richards that he is not permitted to acquire New Shares under the Underwriting Agreement to the extent that the issue of those New Shares will result in a breach of any law.

The Company is of the view that the Rights Issue and the underwriting arrangements will not materially affect the control of the Company. Grant Mooney and Mark Thompson will not become substantial shareholders of the Company. The voting power of James Richards will increase if he takes up his full entitlement under the Offer and is called on for his maximum underwriting commitment but his relevant interest in the Company will not exceed the 20% takeover threshold.

The following table illustrates the effect that the Rights Issue may have on the control of the Company. In each scenario, the Directors take up their full Entitlement and the extent of the call on the Underwriters is dependent on the take up by Eligible Shareholders other than the Directors. In each scenario, it is assumed that there are no applications for Shortfall.

Scenario	Control impact
<p>Scenario 1 -100% take up:</p> <p>All Eligible Shareholders take up their full entitlement under the Offer.</p>	<p>No effect on control.</p> <p>The voting power of all Shareholders would be unchanged.</p>
<p>Scenario 2 - 75% take up:</p> <ul style="list-style-type: none"> • The Directors take up their full entitlement under the Offer and the Underwriters are called on for part of the underwritten amount; • All other Eligible Shareholders take up 75% of their full entitlement. 	<p>James Richards voting power would increase from 12.41% to 14.87%.</p> <p>Grant Mooney's voting power would increase from 0.22% to 1.86%.</p> <p>Mark Thompson's voting power would increase 0% to 1.37%.</p> <p>The voting power of all other Shareholders would decrease proportionately.</p>
<p>Scenario 3 - 50% take up:</p> <ul style="list-style-type: none"> • The Directors take up their full entitlement under the Offer and the Underwriters are called on for part of the underwritten amount; • All other Eligible Shareholders take up 50% of their full entitlement. 	<p>James Richards voting power would increase from 12.41% to 17.32%.</p> <p>Grant Mooney's voting power would increase from 0.22% to 3.49%.</p> <p>Mark Thompson's voting power would increase 0% to 2.73%.</p> <p>The voting power of all other Shareholders would decrease proportionately.</p>
<p>Scenario 4 - 25% take up:</p> <ul style="list-style-type: none"> • The Directors take up their full entitlement under the Offer and the Underwriters are called on for the full underwritten amount; • All other Eligible Shareholders take up 25% of their full entitlement. 	<p>James Richards voting power would increase from 12.41% to 18.74%.</p> <p>Grant Mooney's voting power would increase from 0.22% to 4.10%.</p> <p>Mark Thompson's voting power would increase 0% to 3.23%.</p> <p>The voting power of all other Shareholders would decrease proportionately.</p>
<p>Scenario 5 - Minimum take up (Minimum Subscription):</p> <ul style="list-style-type: none"> • The Directors take up their full entitlement under the Offer and the Underwriters are called on for the full underwritten amount; • All other Eligible Shareholders take up none of their entitlement. 	<p>James Richards voting power would increase from 12.41% to 19.87%.</p> <p>Grant Mooney's voting power would increase from 0.22% to 4.35%.</p> <p>Mark Thompson's voting power would increase 0% to 3.43%.</p> <p>The voting power of all other Shareholders would decrease by 17.19%.</p>

5. RISK FACTORS

An investment in New Shares should be regarded as speculative. Any investment in the Company involves general risks associated with an investment in shares quoted on ASX. There are also a number of other risk factors, both specific to the Company and of a general nature, which may affect the future performance of the Company and the value of an investment in the Company. The following summary, which is not exhaustive, sets out some of the risk factors to which the Company is exposed.

Exploration and development

Exploration and development of resource projects, by its nature, contains elements of significant risk. Ultimate success depends on the delineation of economically recoverable mineral resources, establishment of an efficient exploration operation and obtaining necessary government approvals. The exploration activities may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, availability of necessary drilling rigs, technical equipment and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to appropriate funding when required.

There can be no assurance that the Company's exploration activities will result in the discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

Funding

The future capital needs of the Company will depend on many factors including the results of exploration programs. An inability to obtain additional funding (if required) would have a material adverse effect on the Company's business and the price of Shares.

Commodity prices

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company, which may have a positive or negative affect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Reliance on key personnel

The responsibility for overseeing the day to day operations and the strategic management of the Company is concentrated on the Directors and a small number of key employees. While it is not currently anticipated, one or any number of these key employees may cease employment with the Company. The loss of any such person could potentially have a detrimental impact on the Company until the skills that are lost are adequately replaced.

Resource estimates

The Company has made estimates of its resources based on relevant reporting codes, where required, and judgments based on knowledge, skills and industry experience. However, there is no guarantee that these estimates will prove to be accurate. Actual mining results, if any, may materially differ from forecasts and estimates due to further findings and results not previously known or fluctuations in operating costs, exchange rates and commodity prices.

Mining laws and regulation

Mining activity in Australia is regulated by Federal and State governments. Complying with the relevant laws and regulations for exploration and mining in general may increase the costs of exploring, drilling, construction, operating and closing mines and other production facilities. Such laws deal with, for example, native title and land access, environmental laws, and tenement application and tenure.

Potential acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in other resource projects. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions.

Economic conditions

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside the Company's control and have the potential to have an adverse impact on the Company and its operations.

Share market fluctuations

There are risks associated with any investment in a company listed on ASX. The value of shares may rise above or fall below the current share price depending on the financial and operating performance of the Company and external factors over which the Company and Directors have no control. These factors include economic conditions in Australia and overseas which may have a negative impact on equity capital markets, changing investor sentiment, changes in government policy, developments in general conditions in the markets in which the Company operates.

Regulatory risks

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in Australia may adversely affect the financial performance of the Company.

6. ACTION REQUIRED BY SHAREHOLDERS

6.1 Acceptance of Offer

The number of New Shares to which you are entitled is shown on the Entitlement Form accompanying this Offer Document. If you are an Eligible Shareholder, you may:

- Take up your Entitlement in full or in part;
- Take up your Entitlement in full and apply for additional New Shares; or
- Allow your Entitlement to lapse.

The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement Form.

6.2 Taking up your Entitlement in full or in part

If you wish to accept your Entitlement in full or in part either:

- Complete the Entitlement Form for the number of New Shares you wish to take up in accordance with the instructions on the form. Return your completed form, together with the Application Money to the Company's share registry (see paragraph 6.6 below). It must be received by no later than the Closing Date (5pm WST on 6 June 2013).

OR

- Make a payment of 1 cent for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement Form by no later than the Closing Date (5pm WST on 6 June 2013).

6.3 Taking up your Entitlement in full and applying for additional New Shares under the Shortfall

If you wish to accept your Entitlement in full and apply for additional New Shares under the Shortfall either:

- Complete the Entitlement Form for your full entitlement of New Shares and the additional New Shares you wish to apply for in accordance with the instructions on the form. Return your completed form, together with the Application Money to the Company's share registry (see paragraph 6.6 below). It must be received by no later than the Closing Date (5pm WST on 6 June 2013).

OR

- Make a payment of 1 cent for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement Form by no later than the Closing Date (5pm WST on 6 June 2013).

6.4 **Allowing your Entitlement to lapse**

If you do not wish to take up any of your Entitlement under the Offer, then you do not need to take any action. If you do nothing then your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

6.5 **Payment for New Shares**

The issue price of 1 cent per New Share is payable in full on application.

All payments are to be made in Australian currency by cheque or by BPAY.

Cheques should be drawn on an Australian branch of a financial institution, made payable to "*Phosphate Australia Limited – Rights Issue Account*" and crossed "*Not Negotiable*".

BPAY payments should be made in accordance with the instructions on the Entitlement Form using the BPAY Biller Code and Customer Reference Number shown on the form. You are not required to return the Entitlement Form if you use BPAY to pay the Application Money. You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment. You should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by the Closing Date. The Customer Reference Number is used to identify your holding. If you have multiple holdings you will receive multiple Customer Reference Numbers. You must use the Customer Reference Number shown on each Entitlement Form to pay for each holding separately. If you pay by BPAY and do not pay your full entitlement, your remaining Entitlements will lapse. Your completed BPAY acceptance, once paid, cannot be withdrawn. We do not accept any responsibility for incorrectly completed BPAY payments.

6.6 **Address details and enquiries**

Completed Entitlement Forms (and cheques for the Application Money) should be forwarded to the Company's share registry by mail or delivered to the following address by no later than the Closing Date (5pm WST on 6 June 2013):

By mail:

Phosphate Australia Limited
c/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

By hand:

Phosphate Australia Limited
c/-Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

You should ensure that your Entitlement Form (and Application Money) is sent early to ensure that they arrive at the delivery address specified above by the Closing Date. If we receive your Entitlement Form after the Closing Date, the Directors may, at their discretion, accept or reject your application. If we reject your application, we will refund your Application Money in full without interest

If you have any questions about the Rights Issue or how to complete your Entitlement Form, please contact the Company Secretary on +61 8 9422 9555.

6.7 Issue of New Shares and quotation on ASX

New Shares under the Rights Issue will be issued as soon as practicable after the Closing Date. It is expected that New Shares will be allotted and that transaction confirmation statements will be sent to you by 17 June 2013. However, if the Closing Date is extended then the date for allotment and posting may also be extended.

Application for official quotation by ASX of the New Shares offered under this Offer Document has been made. If permission for quotation is not granted by ASX, the New Shares will not be allotted and Application Money will be refunded (without interest) as soon as practicable.

It is your responsibility to confirm your holdings before trading in New Shares. Any person who sells New Shares before receiving confirmation of their holding will do so at their own risk. The Company and the share registry disclaim all responsibility to any person who trades in New Shares before receiving their confirmation statement.

Application Money will be held in trust in a separate bank account on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on the Application Money will be retained by the company, regardless of whether New Shares are issued under the Offer.

The Directors may at any time decide to withdraw this Offer Document and the offers made under the Rights Issue, in which case the Company will return all Application Money (without interest) as soon as practicable.

6.8 Overseas Shareholders

The Rights Issue is not being extended to any Shareholder whose registered address on the Record Date is situated outside Australia or New Zealand. Neither the Offer Document nor the Entitlement Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In making the decision to restrict the Offer to Shareholders with registered addresses in Australia or New Zealand, the Directors have taken into account the small number of overseas Shareholders and the cost and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

The Offer made in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand)*. Members of the public in New Zealand who are not Eligible Shareholders on the Record Date are not entitled to apply for any New Shares.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Entitlements and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Document or the Entitlement Form.

The making of an application (whether by the return of a duly completed Entitlement Form or the making of a BPAY payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees,

custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

6.9 **Taxation**

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Rights Issue or the New Shares.

7. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Applicant	A person who makes an Application.
Application	An application to subscribe for New Shares under this Offer Document.
Application Money	Money payable by Eligible Shareholders in respect of New Shares applied for under this Offer Document.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable.
Board	The board of directors of the Company.
Closing Date	The last day for payment and return of Entitlement Forms, being 5.00pm (WST) on 6 June 2013 or such other date as may be determined by the Directors.
Company	Phosphate Australia Limited ACN.
Constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Eligible Shareholder	Shareholders with a registered address in Australia or New Zealand as at the Record Date.
Entitlement	The number of New Shares that an Eligible Shareholder may apply for under the Offer, as determined by the number of Shares held on the Record Date.
Entitlement Form	The entitlement and acceptance form accompanying this Offer Document.
Issue Price	1 cent per New Share.
Listing Rules	The official listing rules of ASX, as amended or waived by ASX from time to time.
Minimum Subscription	The sum of \$250,875.
New Share	A Share to be issued under this Offer Document.
Offer	The pro rata non-renounceable right issue offer by the Company to Eligible Shareholders to subscribe for 1 New Share for every 3 Shares held on the Record Date at the Issue Price, to raise a total of amount of approximately \$402,920.

Offer Document	This offer document.
Record Date	5.00pm (WST) on 17 May 2013.
Rights Issue	The pro-rata non-renounceable offer conducted pursuant to this Offer Document under which approximately 40,292,083 New Shares will be offered to Eligible Shareholders on the basis of 1 New Share for every 3 Shares held at the Record Date at the Issue Price.
Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of Shares
Shortfall	The number of New Shares not applied for under the Rights Issue before the Closing Date.
Underwriters	James Richards, Ocean Flyers Pty Ltd and Kelly Thompson.
Underwriting Agreements	The underwriting agreements between the Company and each of the Underwriters.