



**PHOSPHATE AUSTRALIA LIMITED  
ACN 129 158 550**

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY STATEMENT**

For the Annual General Meeting to be held  
on Thursday, 27 October 2016 at 10:00am (Western Standard Time) at  
The Richardson Hotel  
32 Richardson Street  
West Perth WA 6005

This is an important document. Please read it carefully.  
Please speak to your professional advisers if you have any  
questions about this document or how to vote at the Meeting.

## TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

<p style="text-align: center;"><b>Venue</b></p> <p style="text-align: center;">The Annual General Meeting of the Company will be held at: The Richardson Hotel 32 Richardson Street West Perth WA 6005</p> <p style="text-align: center;"><b>Date &amp; Time</b></p> <p style="text-align: center;">Thursday, 27 October 2016 Commencing at 10:00 am (WST)</p>
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To vote by proxy, please complete and sign the enclosed Proxy Form and either:

1. deliver the Proxy Form:
  - (a) by hand to:  
LINK Market Services  
1A Homebush Bay Drive, Rhodes NSW 2138; or
  - (b) by post to:  
Phosphate Australia Limited  
c/- LINK Market Services Ltd  
Locked Bag A14, Sydney South NSW 1235; or
2. by facsimile to +61 2 9287 0309; or
3. lodge online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), instructions as follows:

Select 'Investor & Employee Login' and enter Phosphate Australia Limited or the ASX code POZ in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website;

so that it is received not later than 48 hours before the commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

Notice is hereby given that the Annual General Meeting of the Shareholders of Phosphate Australia Limited will held at The Richardson Hotel, 32 Richardson Street, West Perth, Western Australia, on Thursday, 27 October 2016 at 10:00am (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

## AGENDA

### GENERAL BUSINESS

#### Accounts and Reports

To receive and consider the Financial Report of the Company and the Report of the Directors and Auditor for the financial year ended 30 June 2016.

#### RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment, the following resolution as a non-binding **ordinary resolution**:

*"That the Remuneration Report for the financial year ended 30 June 2016 as set out in the 2016 Annual Report of the Company be adopted."*

**Short Explanation:** The Company is required to put a resolution to adopt the remuneration report of the Company at each annual general meeting. This is an advisory resolution only and does not bind the Directors or the Company.

The Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of either of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, the voter may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the Chair of the Meeting and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

#### RESOLUTION 2 - RE-ELECTION OF DIRECTOR, MR GRANT MOONEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, Mr Grant Mooney, who retires by rotation in accordance with Rule 7.3 of the Constitution of the Company, and being eligible offers himself for election, is hereby re-elected as a Director of the Company."*

**Short Explanation:** Mr Grant Mooney is a non-executive Director and is presented for re-election in accordance with the rotation requirements of the Constitution.

### RESOLUTION 3 - APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** The Company seeks approval to issue an additional 10% of the Company's issued ordinary securities during a 12 month period in accordance with Listing Rule 7.1A.

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### RESOLUTION 4 - APPROVAL OF CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"In accordance with section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to "POZ Minerals Limited" with effect from the date that ASIC alters the details of the Company's registration."*

**Short Explanation:** Shareholder approval is sought to a change of name under section 157 of the Corporations Act to allow the name of the Company to more accurately reflect the activities of the Company.

### RESOLUTION 5 - APPROVAL OF EMPLOYEE INCENTIVE SCHEME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Exception 9 of Listing Rule 7.2 and for all other purposes, the Company approve the issue of securities under the "Employee Incentive Plan", for a period of 3 years commencing on the date of this Meeting and on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** Shareholders must approve the issue of securities under an employee incentive scheme to be an exception to the requirements of Listing Rule 7.1.

The Company will disregard any votes cast on this Resolution by the Directors of the Company and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

The Company will further disregard any votes cast (in any capacity) on this Resolution by or on behalf of either of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, the voter may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the Chair of the Meeting and the appointment of the Chair as proxy:
  - (iii) does not specify the way the proxy is to vote on the resolution; and

expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

#### CONTINGENT RESOLUTION 6 - SPILL RESOLUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon at least 25% of the votes cast on Resolution 1 being cast against the adoption of the Remuneration Report, for the purpose of section 250V(1) of the Corporations Act and for all other purposes, approval is given for:*

- (a) *the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (Spill Meeting); and*
- (b) *all Vacating Directors to cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated pursuant to paragraph (b) to be put to vote at the Spill Meeting."*

**Short Explanation:** If more than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report (Resolution 1), this Resolution is required to be put by the Corporations Act. In order to pass this Resolution, there must be a majority of at least 50% of the votes cast on the Resolution being in favour.

The Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of either of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, the voter may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair of the meeting and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

## VOTING AND PROXIES

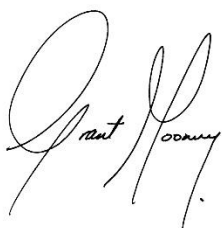
1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. The Chair of the Meeting will vote undirected proxies FOR all the proposed Resolutions except for Resolution 6 where the Chair will be voting AGAINST.

The proxy form expressly authorises the Chair to exercise the proxy in relation to Resolution 1 (Adoption of Remuneration Report), Resolution 5 (Approval of Employee Incentive Scheme) and Resolution 6 (Spill Resolution) even though these resolutions are connected directly or indirectly with the remuneration of a member of the key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the Chair of the Meeting) will not be voted on Resolutions 1, 5 and 6.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year 30 June 2016. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

4. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 25 October 2016 at 4:00pm (WST).
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's share registry in accordance with the instructions on that form.

By order of the Board



GRANT J. MOONEY  
Director and Company Secretary

Dated: 23 September 2016

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

## 1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at <http://www.phosphateaustralia.com.au>.

The Chairman will also provide Shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

## 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2016.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

### 2.2 Voting Consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

### 2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting represented approximately 35%, which is more than 25%. **Accordingly, the Spill Resolution will be relevant for this Meeting if at least 25% of the votes cast on the Remuneration Report resolution (Resolution 1) are voted against adoption of the Remuneration Report.** Such an against vote will constitute a second strike for the Company. Refer to Resolution 6 and Section 7 of the Explanatory Statement for further information.

## **2.4 Steps to address remuneration issues**

Although the Company did not receive any specific feedback at the 2015 annual general meeting on its remuneration practices, the Directors in the last 12 months have sought to ensure its remuneration practices (summarised below) are appropriate.

The key management personnel of the Company as identified in the Remuneration Report are the 3 Directors – James Richards, Grant Mooney and Mark Thompson.

Each of the 3 Directors are paid a cash remuneration that they consider to be at the lower end of comparable roles at other junior ASX listed minerals companies. As part of cost cutting measures, in August 2013 the fees of James Richards as executive chairman was reduced from \$180,000 plus statutory superannuation to \$160,000 plus statutory superannuation and the director's fee of Grant Mooney was reduced from \$45,000 plus statutory superannuation to \$25,000 plus statutory superannuation. There has been no increase to these fees since August 2013. Mark Thompson was appointed a Director on 1 October 2012 and is paid \$20,000 plus statutory superannuation.

Mooney & Partners, a company associated with Grant Mooney, has a services contract with the Company to provide company secretarial and administrative services to the Company on a month by month basis. This annual fee of \$96,000 per annum plus GST was reduced to \$48,000 per annum plus GST on August 2013 as part of cost reductions of the Company. This fee has not subsequently been increased.

The equity that the Directors hold in the Company is set out in the Remuneration Report and the Board intends to incentivise by equity incentives where possible rather than cash payments. Any equity incentives are subject to prior Shareholder approval. No equity incentives are being sought by the Directors at this Meeting.

## **2.5 Proxy restrictions**

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

If you appoint a member of the key management personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

The Chairman intends to vote all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2016. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

## **2.6 Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of adopting the Remuneration Report.

## **3. RESOLUTION 2 - RE-ELECTION OF DIRECTOR - MR GRANT MOONEY**

Rule 7.3 of the Constitution requires that at each annual general meeting, one-third of directors for the time being (rounded down to the nearest whole number) shall retire from office. This rule does not apply to the managing director. A retiring director is eligible for re-election.



Mr Grant Mooney retires as a Director of the Company in accordance with the requirements of the Constitution and being eligible, offers himself for re-election.

Mr Mooney is a non-executive Director of the Company. Details of the qualifications and experience of Mr Mooney is set out in the Company's 2016 Annual Report.

The Board recommends the re-election of Mr Mooney as a Director.

#### 4. RESOLUTION 3 – ADDITIONAL PLACEMENT CAPACITY

##### 4.1 General

Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("**Additional Placement Capacity**").

The Company seeks Shareholder approval under Resolution 3 to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in Listing Rule 7.1A.2 (set out below).

##### 4.2 Requirements of Listing Rule 7.1A

**(a) Eligible entities**

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

**(b) Shareholder approval**

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote. A resolution under Listing Rule 7.1A cannot be put at any other shareholder meeting.

**(c) Equity Securities**

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has one class of Equity Securities quoted on ASX being fully paid ordinary Shares.

**(d) Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity**

If Resolution 3 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

(AxD)-E

A	The number of shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none"><li>• plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;</li><li>• plus the number of partly paid shares that became fully paid in the 12 months;</li><li>• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under Listing Rules 7.1 or 7.4;</li><li>• less the number of fully paid shares cancelled in the 12 months.</li></ul>
D	10%

E	The number of Equity Securities issued or agreed to be issued under Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.
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**(e) Interaction between Listing Rules 7.1 and 7.1A**

The Additional Placement Capacity under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company has 161,168,333 Shares on issue as at the date of this Notice. After this Meeting, the Company will be permitted to issue (as at the date of this Notice):

- 24,175,250 Equity Securities under Listing Rule 7.1; and
- 16,116,833 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out above).

The effect of Resolution 3 will be to allow the Company to issue securities under Listing Rule 7.1A without using the Company's placement capacity under Listing Rule 7.1.

**4.3 Information for Shareholders as required by Listing Rule 7.3A**

**(a) Minimum price**

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 Business Days of the date above, the date on which the Equity Securities are issued.

**(b) Risk of economic and voting dilution**

If Resolution 3 is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice. The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

This table has been prepared on the following assumptions:

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.015 50% decrease in Issue Price	\$0.03 Issue Price	\$0.06 100% increase in Issue Price
Current 161,168,333 Shares	<b>10% Voting Dilution</b>	16,116,333 Shares	16,116,333 Shares	16,116,333 Shares
	<b>Funds raised</b>	\$241,745	\$483,490	\$966,980
50% increase in Variable A 241,752,500 Shares	<b>10% Voting Dilution</b>	24,175,250 Shares	24,175,250 Shares	24,175,250 Shares
	<b>Funds raised</b>	\$362,629	\$725,257	\$1,450,515
100% increase in Variable A 322,336,666 Shares	<b>10% Voting Dilution</b>	32,233,666 Shares	32,233,666 Shares	32,233,666 Shares
	<b>Funds raised</b>	\$483,505	\$967,010	\$1,934,020

- (i) The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- (ii) No Options (including any Options issued under the Additional Placement Capacity) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The issue price is \$0.03 (3 cents), being the latest closing price of the Shares on ASX on 13 September 2016.

The Company's ability to issue securities under Listing Rule 7.1A is in addition to its ability to issue securities under listing rule 7.1.

**(c) Placement Period**

Shareholder approval of the Additional Placement Capacity under Listing Rule 7.1A is valid from 27 October 2016 (the date of this Meeting) and expires on the earlier of:

- 27 October 2017, which is 12 months after this Meeting; or
  - the date that Shareholders approve a transaction under Listing Rule 11.1.2 (significant change to nature or scale of activities) or 11.2 (disposal of the main undertaking), or
- such longer period as allowed by ASX (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that Shareholders' approve a transaction under Listing Rules 11.1.2 or 11.2.

**(d) Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), continued exploration and expenditure on the Company's current assets and for general working capital; or
- non-cash consideration for acquisition of new assets and investments or for the payment of goods and services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

**(e) Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under Listing Rule 7.1A(4) and 3.10.5A on the issue of any new securities.

**(f) Details of Equity Securities issued under earlier placement capacity approval**

The Company has previously received Shareholder approval for the Additional Placement capacity. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months before this Meeting (that is, since 27 October 2015) is 5,500,000 Options. The total number of Equity Securities on issue at 27 October 2015 was 161,168,333 Shares and 13,400,000 Options. The total number of Equity Securities issued in the 12 months since 27 October 2015 is 3.15% of the total number of Equity Securities on issue at 27 October 2015.
- The details for each separate issue of Equity Securities issued during the 12 months preceding the date of the Meeting are:

On 3 November 2015 the Company issued 5,000,000 unlisted Options for nil consideration to the 3 Directors pursuant to Shareholder approval on 3 November 2015. The Options have an exercise price of 7 cents and an expiry date of 3 November 2018. The Company has valued the Options at 20 September 2016 at 0.98 cents per Option using the Black and Scholes option pricing model.

On 9 November 2015 the Company issued 500,000 unlisted Options for nil consideration to employees pursuant to an employee share option plan. The Options have an exercise price of 4.4 cents and an expiry date of 9 November 2017. The Company has valued the Options at 20 September 2016 at 0.93 cents per Option using the Black and Scholes option pricing model.

**(g) Voting exclusion**

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

**5. RESOLUTION 4 – APPROVAL OF CHANGE OF COMPANY NAME**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 4 seeks the approval of Shareholders for the Company to change its name to "*POZ Minerals Limited*".

If Resolution 4 is passed the change of name will take effect when ASIC alters the details of the Company's registration. The proposed name has been reserved by the Company and if Resolution 4 is passed the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the activities of the Company and the focus on its mineral projects which are more diverse than a focus on phosphate.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote.

The Directors recommend that Shareholders vote in favour of this resolution.

**6. RESOLUTION 5 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME**

**6.1 Background**

The Board adopted the Employee Incentive Plan in September 2016 to enable the Company to issue Options or performance rights to eligible participants being employees (full and part-time), directors, relevant contractors and casual employees.

The Employee Incentive Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth.

A copy of the Employee Incentive Plan will be made available for inspection at the Meeting. A summary of the Employee Incentive Plan is set out in Annexure 1.

The Employee Incentive Plan replaces the incentive plan that was adopted by the Company prior to listing on ASX in 2008 and that was the subject of Shareholder approval at the 2012 annual general meeting in order to refresh its use for the purposes of an exception to Listing Rule 7.1.

The current Employee Incentive Plan is in accordance with ASIC class order CO 14/1000 which expanded the class of financial products that could be offered (ie performance or incentive rights can be issued as well as shares and options) and expanded the categories of persons who can participate (ie certain contractors and casual employees).

**6.2 Regulatory Requirements**

Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Employee Incentive Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the placement limits imposed by Listing Rule 7.1 on the number of securities that may be issued without shareholder approval. Listing Rule 7.2 exception 9(b) provides that Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within 3 years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

If an offer is made to a Director to participate in the Employee Incentive Plan then separate Shareholder approval will need to be obtained.

### 6.3 Recommendation

The Board recommends that Shareholders approve the issue of securities under the Employee Incentive Plan. It will allow the Company to issue securities for the benefit of participants of the Employee Incentive Plan whilst preserving the Company's placement limits of issuing securities and provide flexibility in the manner in which the Employee Incentive Plan is managed.

## 7. CONTINGENT RESOLUTION 6 – SPILL RESOLUTION

### 7.1 Possible withdrawal

**If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chairman will withdraw Resolution 6.**

### 7.2 General

The Corporations Act requirements for this Resolution to be put to vote are set out in sections 250V and 250W.

The effect of this Resolution being passed by more than 50% of eligible votes cast in favour, is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting ("**Spill Meeting**") and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. These Vacating Directors may stand for re-election at the Spill Meeting.

If a Spill Meeting is held the Vacating Directors will be Grant Mooney and Mark Thompson. James Richards will not be included in the Vacating Directors as he is considered the managing director of the Company.

The business of the Spill Meeting will be to put to the vote resolutions to appoint persons to offices vacated by the Vacating Directors. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

In the event a Spill Meeting is required, a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

### 7.3 Proxy voting restrictions

Shareholders appointing a proxy for this this Resolution should note the voting restrictions set out in Section 2.5 of this Explanatory Statement apply in the same manner to this Resolution other than the Chairman intends to vote all undirected proxies against Resolution 6.

### 7.4 Recommendation

The Directors unanimously recommend that Shareholders vote **against** Resolution 6.

**GLOSSARY**

In the Notice and this Explanatory Statement the following expressions have the following meanings:

<b>Additional Placement Capacity</b>	the capacity to issue additional Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.
<b>ASX</b>	ASX Limited (ACN 008 624 691).
<b>Board</b>	the Board of Directors of the Company.
<b>Chair or Chairman</b>	the person appointed to chair the Meeting convened by this Notice.
<b>Company</b>	Phosphate Australia Limited (ACN 129 158 550).
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	the Corporations Act 2001 (Cth).
<b>Directors</b>	Directors of the Company from time to time.
<b>Employee Incentive Plan</b>	the Employee Incentive Plan with the terms summarised in Annexure 1.
<b>Equity Securities</b>	has the same meaning as in the Listing Rules.
<b>Explanatory Statement</b>	this Explanatory Statement.
<b>Listing Rules or ASX Listing Rules</b>	the listing rules of the ASX.
<b>Meeting</b>	the meeting convened by this Notice.
<b>Notice</b>	notice of meeting that accompanies this Explanatory Statement.
<b>Option</b>	an option to subscribe for a Share.
<b>Placement Period</b>	the period during which Shareholder approval under Listing Rule 7.1A is valid.
<b>Resolution</b>	a resolution referred to in the Notice.
<b>Share</b>	a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	a registered holder of Shares in the Company.
<b>Vacating Directors</b>	means the Directors who were directors of the Company when the resolution to make the directors' report considered at the last annual general meeting of the Company was passed, other than the Managing Director at the time.
<b>WST</b>	Western Standard Time, Perth, Western Australia.
<b>\$</b>	Australian dollars unless otherwise stated.

**ANNEXURE 1  
SUMMARY OF TERMS OF EMPLOYEE INCENTIVE PLAN  
(Resolution 5)**

1. **Purpose** The purpose of the Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of the Company and to offer any of Options or performance rights to assist with reward, retention, motivation and recruitment of eligible participants.
2. **Eligible Participants** Eligible participants are a full or part-time employee, or a director of the Company or a subsidiary, relevant contractors and casual employees and prospective parties in these capacities ("**Eligible Participants**").
3. **Offers** Subject to any necessary Shareholder approval, the Board may offer Options or performance rights to Eligible Participants for nil consideration.
4. **Expiry Date** The expiry date of any Options or performance rights will be determined by the Board.
5. **Vesting Conditions and Lapse** An Option or performance right may only be exercised after it has vested and before its expiry date. The Board may determine the conditions upon the vesting of the options or performance rights at its discretion. By way of example, the Board may impose Share price and/or continuous service vesting hurdles.  
  
An Option or performance right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or retirement) and upon misconduct by a participant.
6. **Shares issued on vesting** Each Option or performance right entitles the holder to one fully paid ordinary share on exercise or vesting.
7. **Transferability and quotation** An Option or performance right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the Options or performance rights on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on the exercise of the options or vesting of the performance rights.
8. **No voting or dividend rights** The Options or performance rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the Options or performance rights are vested and the underlying Shares have been issued.
9. **No participation rights** The Options or performance rights do not entitle the holder to participate in the issue of securities unless the Options or performance rights are exercised or vested and Shares have been issued before the record date for determining entitlements.
10. **Limitation on number of securities** Securities to be issued under the Employee Incentive Plan when aggregated with the number of Shares issued during the previous 5 years under any employee incentive scheme of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.
11. **Administration of the Employee Incentive Plan** The Employee Incentive Plan will be administered under the directions of the Board and the Board may determine procedures for the administration of the Employee Incentive Plan as it considers appropriate.
12. **Operation** The operation of the Employee Incentive Plan is subject to the Listing Rules and the Corporations Act.
13. **Application of Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth)** Subdivision 83A-C (deferred inclusion of gain in assessable income) of the *Income Tax Assessment Act 1997 (Cth)* applies to the Employee Incentive Plan and holders of securities issued under the Employee Incentive Plan may agree to a restriction period for the disposal or transfer of the securities including any underlying securities.




## LODGE YOUR VOTE

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
Phosphate Australia Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474

## LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am on Tuesday, 25 October 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting. Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

## HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

# PROXY FORM

I/We being a member(s) of Phosphate Australia Limited and entitled to attend and vote hereby appoint:

STEP 1

## APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Thursday, 27 October 2016 at The Richardson Hotel, 32 Richardson Street, West Perth WA 6005 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 5 and 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 5 and 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chair of the Meeting intends to vote undirected proxies in favour of each item of business except for Resolution 6 where the Chairman of the Meeting will be voting against.**

STEP 2

## VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

### Resolutions

- 1 Adoption of the Remuneration Report
- 2 Re-election of Director, Mr Grant Mooney
- 3 Approval of additional placement capacity
- 4 Approval of change of Company Name
- 5 Approval of Employee Incentive Scheme

For Against Abstain\*

	For	Against	Abstain*
1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**As stated in the Notice of Meeting, The Directors unanimously recommend that Shareholders vote against Resolution 6. Resolution 6 is a contingent resolution and will only be put to the Meeting if the condition described in the Notice of Meeting is satisfied.**

- 6 Spill Resolution – Contingent Resolution

	For	Against	Abstain*
6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

## SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

POZ PRX1601N

