PROSPECTUS

PHOSPHATE AUSTRALIA LIMITED

ABN 51 129 158 550 Proposed ASX Code: POZ

FOR THE OFFER OF 50,000,000 SHARES AT AN ISSUE PRICE OF 20 CENTS EACH TO RAISE $10,000,000

Bell Potter
SECURITIES LIMITED
Sponsoring Broker

This Prospectus provides important information to assist investors in deciding whether or not to invest in the Company and should be read in its entirety, together with the Application Form attached to this Prospectus. If, after reading this Prospectus, you have any questions about the Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the Shares offered under this Prospectus should be considered highly speculative.

phosphateaustralia

IMPORTANT NOTICE

This Prospectus is dated 26th May 2008 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. An investment in the securities the subject of this Prospectus should be considered speculative.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus is available and can be downloaded from the website of the Company at www.phosphateaustralia.com.au or from the website of Sponsoring Broker at www.bellpotter.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period of 7 days from the date of lodgement with ASIC. This period may be extended by the ASIC for a further period of up to 7 days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, any Application Forms received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Application Forms received prior to the expiration of the exposure period will not be processed until after the exposure period.

No preference will be conferred on Application Forms received in the exposure period and all Application Forms received during the exposure period will be treated as if they were simultaneously received on the Opening Date.

MINERALISATION ESTIMATES AND ASX IN PRINCIPLE ADVICE

The Independent Geologist's Report by B.H. McCrow and Associates set out in this Prospectus has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (Valmin Code) which is binding upon members of the Australian Institute of Geoscientists (AIG) and the rules and guidelines relating to Independent Expert Reports set by ASIC and ASX.

The Company has obtained in principle advice from ASX regarding the reporting of an historical estimate of mineralisation for the Highland Plains Phosphate Project which the Company owns and which is not reported in accordance with the JORC Code.

Previous estimates of phosphate mineralisation associated with the Highland Plains Phosphate Project were generated before the introduction of the December 2004 JORC Code guidelines. On this basis, Applicants should be aware that the estimates therefore cannot be reported as “Mineral Resources” or “Ore Reserves” under the JORC Code guidelines. Whilst B.H. McCrow and Associates consider that the previous estimate of phosphate mineralisation generated for the Highland Plains Phosphate Project provide a reasonable reflection of the quantum and grade of mineralisation and is material to an understanding of the Company, there is no guarantee that it will be reported in compliance with the JORC Code in the short term or at all. Please refer to the Independent Geologist's Report for further information.

REPORTING ON EXPLORATION RESULTS

The information contained in the Independent Geologists Report (section 8) was compiled by B.H. McCrow and Associates. Otherwise information in this Prospectus that relates to exploration results has been compiled by the Company and is based on information provided by Mr Jim Richards, the Chairman of the Company, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). All information of this type is expressed in terms of the JORC Code. Mr Richards has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the JORC Code.

DEFINITIONS AND GLOSSARY

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

The assets depicted in photographs in this Prospectus are not assets of the company unless otherwise stated.

CORPORATE DIRECTORY

DIRECTORS

James (Jim) McArthur Richards – Non-Executive Chairman

Andrew Stephen James – Managing Director

Lisa Kathleen Wells – Technical Director

COMPANY SECRETARY

Grant Jonathan Mooney

REGISTERED AND BUSINESS OFFICE

Suite 4, 6 Richardson Street
West Perth WA 6005

Tel: (08) 9322 6811
Fax: (08) 9226 0130

WEBSITE

www.phosphateaustralia.com.au

INDEPENDENT GEOLOGIST

B.H. McCrow and Associates
16 Federal Street
Denmark WA 6333

SOLICITORS TO THE OFFER

Fairweather & Lemonis
Level 9, 172 St Georges Terrace
Perth WA 6000

INVESTIGATING ACCOUNTANT

PKF Corporate Advisory Services (WA) Pty Ltd
Level 7, BGC Centre
28 The Esplanade
Perth WA 6000

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Tel: 1300 554 474

SPONSORING BROKER

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne VIC 3000

AFSL number 243480

Tel: 1300 131 043

Website: www.bellpotter.com.au

CONTENTS

1. KEY POINTS

PROJECTS

- Highland Plains Phosphate Project

  The Highland Plains Phosphate Project is the most advanced project of the Company with an historical estimate of 82.6 million tonnes at 20% P_2O_5 (phosphate) mineralisation. Resource definition drilling is required. *This historical estimate is not reported in accordance with the JORC Code. There can be no guarantee of reclassification to JORC Code standards in the short term or at all. Further information including the source and reliability of the historical estimate is contained in the Independent Geologists Report.*

- Alexandria, Alroy & Buchanan Dam Phosphate Prospects

  Further areas of known historical phosphate mineralisation in drill holes also occur on the Company's tenements at Alexandria, Alroy and Buchanan Dam. Previous drill intersections include 6.1m @ 25.0% P_2O_5 from 12.2m (Buchanan Dam), 6.1m @ 15.6% P_2O_5 from 48.8m (Alexandria) and 4.6m @ 15.5% P_2O_5 from 17.4m (Alroy). Follow up exploration drilling is required.

- Georgina Basin Regional Phosphate Exploration Project

  The regional program will follow up radiometric anomalies in the Georgina Basin to explore for new deposits of phosphate. This will initially be done by soil sampling then followed up by reconnaissance drilling as required.

- Iron Project

  The Company's tenements include areas that have known iron occurrences and are prospective for Clinton style oolitic iron mineralisation. It is the intention of the Company to follow up these targets with field mapping and sampling.

- Uranium Project

  The Company's tenements in the South Nicholson Basin region are prospective for uranium. There are numerous airborne uranium radiometric anomalies on the Company's tenements that are prospective for uranium mineralisation. It is the intention of the Company to follow up these anomalies with field mapping and sampling.

BOARD & MANAGEMENT

The Company has a skilled and experienced Board in exploration, project evaluation and project management.

Mr Richards is a Perth based company director and geologist with 19 years experience in exploration. He was, until recently, chief executive officer and director of a listed iron ore and bauxite explorer.

Mr James is a qualified geologist and has spent 17 years working in the resources sector, 12 of those years working for junior and multi-national oil companies. Recent experience has included leading the geological teams involved in the operation and management of offshore drilling and logging operations.

Ms Wells is a geology graduate from Curtin University of Technology with 13 years of exploration and consulting experience. For the previous three years, Ms Wells has been senior geologist and then exploration manager for a listed exploration company where she managed exploration programs in remote areas including for iron ore.

All Directors are experienced in safety management and government requirements for safe operating procedures.

OTHER OPPORTUNITIES

The Company may seek to pursue other complementary resource opportunities that the Directors consider have the potential to add value for Shareholders.

RISKS

- Some of the risks associated with an investment in the Company both of a specific and general nature are outlined in section 7. A significant risk as a resource exploration and development company is that there can be no assurance that the Company's activities will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there is no guarantee that it can be economically exploited.
- A number of the tenements held by the Company (16 of 19 tenements) are applications. The grant of such applications is subject to satisfying various conditions including addressing native title issues in a number of cases. There is no guarantee that the applications will be granted.
- A further significant risk is uncertainty as to future levels of phosphate prices.

This information is a selective overview only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. Investors should read this Prospectus in its entirety and not rely solely on this overview.

2. CHAIRMAN'S LETTER

Dear Investor,

Phosphate Australia Limited (Phosphate Australia) brings together some highly attractive phosphate assets in the Georgina Basin of the Northern Territory.

The Company's initial focus will be the Highland Plains Phosphate Project. This Project has a non-JORC Code historical estimate of 82.6 million tonnes at 20% P_2O_5 (phosphate) mineralisation. It is the Company's intention to re-drill, prove and reclassify this project as soon as possible to JORC Code standards and assess development options. There can be no guarantee of such reclassification and development and investors are referred to the Independent Geologists Report which technically assesses the Company's Projects.

The Company has additional phosphate Projects on the Company's tenements at Buchanan Dam, Alexandria and Alroy. These Projects have previous drill intersections of 6.1m @ 25.0% P_2O_5 from 12.2m (Buchanan Dam), 6.1m @ 15.6% P_2O_5 from 48.8m (Alexandria) and 4.6m @ 15.5% P_2O_5 from 17.4m (Alroy) and Phosphate Australia intends to conduct follow up drilling to define the known phosphate mineralisation.

Follow up is also planned on regional exploration targets focusing on radiometric anomalies in the Georgina Basin that may assist in identifying new deposits of phosphate. In addition, the Company's tenements show potential for iron ore and uranium mineralisation. These further areas will also undergo exploration activities.

All of the tenements are 100% owned by Phosphate Australia and are unencumbered by any private royalties.

The Phosphate Australia Board and management brings together a highly skilled and experienced team of professionals who have a wealth of operational and technical experience in exploring resource projects worldwide. With this Offer the Company is seeking to raise $10,000,000 to provide funds to achieve its objectives in the next two years.

On behalf of the Board I invite you to join us as a shareholder of Phosphate Australia for the next exciting stage of development.

Yours faithfully,

Jim Richards

JIM RICHARDS
NON-EXECUTIVE CHAIRMAN

3. INVESTMENT OVERVIEW

3.1 IMPORTANT NOTICE

This section is not intended to provide full information for investors intending to apply for Shares offered under this Prospectus. This Prospectus should be read and considered in its entirety.

3.2 KEY OFFER STATISTICS

Offer Price per Share	20 cents
Existing Shares	44,675,000
Shares Offered under this Prospectus	50,000,000
Total Issued Shares at listing on ASX	94,675,000
Market Capitalisation upon Listing based on Shares at Offer Price	$18,935,000

3.3 INDICATIVE TIMETABLE

Prospectus lodged with ASIC	26th May 2008
Opening Date	3rd June 2008
Estimated Closing Date	23rd June 2008
Expected Despatch of Holding Statements	30th June 2008
Expected Date for Quotation of Shares on ASX	4th July 2008

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date and the Offer or close the Offer early without notice. Applicants are encouraged to apply as soon as possible after the Offer opens.

3.4 OBJECTIVES

The objectives of the Offer are to:

(a) fund a 2 year program to explore and develop the current Projects of the Company;

(b) provide general working capital which may be applied in undertaking a review of any complementary resource projects that the Board considers has the potential to add value for Shareholders;

(c) fund corporate administration costs;

(d) pay the costs of the Prospectus process; and

(e) allow access to equity markets in order to assist funding any future development of its existing Projects and pursuing any other complementary resource opportunities.

3.5 USE OF PROCEEDS AND FUNDS

The Company intends to use its current funds of approximately $187,355 cash on hand at 5th May 2008, and the funds raised from the Offer broadly as follows:

FUNDS AVAILABLE	
Cash at Bank	$187,355
Funds from this Offer	$10,000,000
Total Funds Available	$10,187,355

APPLICATION OF PROCEEDS	
Two Year exploration and development programs*	$7,500,000
Two year corporate administration costs	$1,300,000
Balance of the Costs of the Offer**	$415,000
General Working Capital	$972,355
Total	$10,187,355

The actual expenditures may vary from the above estimates and the Board reserves the right to appropriately vary the expenditures dependent on circumstances and other opportunities.

* *The two year exploration and development budget is itemised between Projects and commented upon by the Independent Geologist in his report at section 8.*

** *The costs of the Offer includes a Sponsoring Broker fee of $360,000 plus GST (calculated as 4% of $9 million being the total value of the amount of equity to be raised by the Sponsoring Broker under the Prospectus). The Company has prepaid costs of $24,875.*

3.6 WORKING CAPITAL

On successful completion of the Offer, the Company will have enough working capital to carry out the objectives stated in this Prospectus.

3.7 CAPITAL STRUCTURE

At the close of the Offer, the capital structure of the Company will be:

SHARES	
Existing Shareholders	44,675,000
Shares under this Prospectus	50,000,000
Total Shares	94,675,000

OPTIONS[1]	
Directors Options	22,000,000
Employee Options	850,000
Total Options	22,850,000

1. All Options have an exercise price of 20 cents and an expiry date of 31 July 2012. The full terms of the Options are set out in section 12.

4. DETAILS OF THE OFFER

4.1 THE OFFER

By this Prospectus the Company offers for subscription 50,000,000 Shares at 20 cents each to raise $10,000,000.

The maximum amount that may be raised under this Prospectus is $10,000,000.

The details of how to apply for Shares are set out below.

4.2 MINIMUM SUBSCRIPTION

The minimum subscription under the Offer is $10,000,000. The Company will not issue any Shares pursuant to this Prospectus until the minimum subscription is satisfied. The Offer is not underwritten.

Should the minimum subscription not be reached within 4 months from the date of this Prospectus, the Company will either repay the Application Moneys to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Moneys. No interest will be paid on these moneys.

4.3 ARRANGEMENTS WITH BROKERS

The Offer is not underwritten. The Company will pay the Sponsoring Broker, Bell Potter Securities Limited, a 4% commission on the total value of the amount of equity raised by Bell Potter Securities Limited under the Offer (up to $9 million). The Sponsoring Broker Agreement is summarised in section 11.

4.4 APPLICATION FOR SHARES

Applications for Shares by investors must be made using an Application Form.

Payment for the Shares must be made in full at the issue price of 20 cents per Share. Applications for Shares must be for a minimum of 10,000 Shares (representing Application Money of $2,000) and thereafter in multiples of 2,500 Shares (representing Application Money of $500). Completed Application Forms and accompanying cheques must be mailed or delivered to the Company's Share Registry as relevant:

BY POST	BY DELIVERY
Link Market Services Limited	Link Market Services Limited
PHOSPHATE AUSTRALIA	PHOSPHATE AUSTRALIA
Locked Bag A14	Level 12, 680 George Street
Sydney South NSW 1235	Sydney NSW 2000

Cheques should be made payable to "Phosphate Australia Share Offer" and crossed "Not Negotiable". Completed Application Forms must reach the Share Registry by no later than the Closing Date.

4.5 ALLOCATION AND ALLOTMENT OF SHARES

The Company reserves the right to allocate Shares in full for any Application, or to allocate any lesser number, or to decline any Application. Allotment of Shares will be made as soon as possible after the Closing Date. Where no allotment is made to an Applicant, the Application Money will be returned in full by cheque with the relevant Application Form within 14 days of the Closing Date. Where the number of Shares allotted is less than the number of Shares applied for, the surplus Application Moneys will be returned by cheque to the Applicant within 14 days of the Closing Date. Interest will not be paid on refunded Application Money.

Pending the issue and allotment of Shares or payment of refunds pursuant to this Prospectus, all Application Money will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on such bank account and each Applicant waives the right to claim any such interest.

It is the responsibility of Applicants to determine their allotment prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

4.6 ASX LISTING

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all Application Moneys without interest.

A decision by ASX to grant official quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the Shares. ASX and its officers take no responsibility as to the contents of this Prospectus. Quotation, if granted, of the Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the Shares are dispatched.

4.7 RESTRICTED SECURITIES

The ASX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such securities may be required to be held in escrow.

None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from their date of allotment.

4.8 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares under this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

4.9 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX.

Under CHESS, the Company will not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

4.10 PRIVACY ACT

If you complete an Application Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company will collect, hold and use that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments (if made) and send corporate communications to you as a Shareholder and carry out administration.

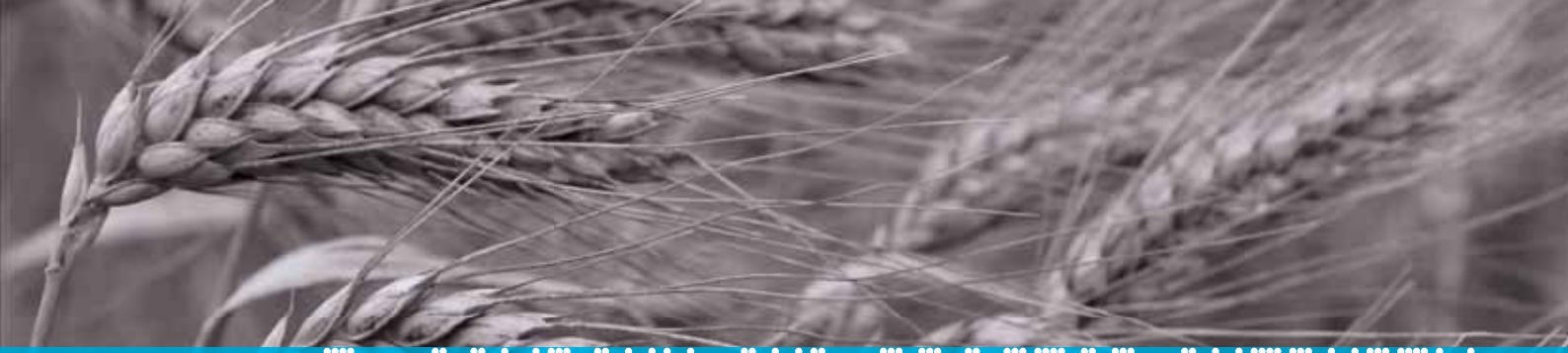
The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988, the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application and, accordingly, you may not be allotted any Shares.

4.11 NO PROSPECTIVE FINANCIAL INFORMATION

The Directors have considered the matters outlined in ASIC Regulatory Guide 170. Given that the Company is a resource exploration and development company and the highly speculative nature of exploration and any subsequent development and production, the Company considers that it is unable to provide potential investors with any reliable revenue, profit or cash flow projections or forecasts.



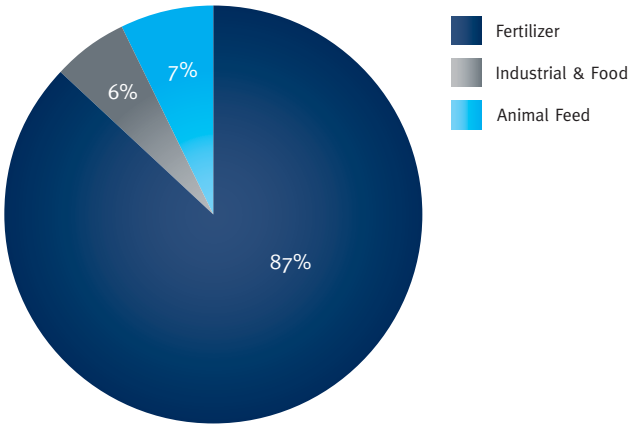
5. COMPANY AND PROJECT OVERVIEW

5.1 PHOSPHATE ROCK - INTRODUCTION

The element Phosphorous is a component of all living things, being a key building block of biological molecules. The word is derived from the Greek words meaning "bringing light".

Phosphate rock is an essential input into the production of phosphate based fertiliser. The production of fertiliser from mined phosphate rock uses sulphuric acid to create the intermediate product phosphoric acid. The phosphoric acid is then granulated (typically with ammonia) to create ammonium phosphate fertilisers (or di-ammonium phosphate, commonly known as DAP).

The demand for phosphate rock, primarily tracks demand for phosphate fertilisers, as well as demand for industrial and animal feed phosphates.



WORLD PHOSPHATE DEMAND (P_2O_5)

5.2 PHOSPHATE ROCK DEPOSITS

There are two main types of phosphate rock deposits, igneous and sedimentary.

The most prevalent phosphate minerals in these rocks are species of apatite (i.e. calcium phosphate with quartz, calcite, dolomite, clay and iron oxide as gangue components). Igneous rock is generally low in P_2O_5 (the common form of expressing phosphorous content) and makes up less than 15% of available phosphate rock and accounts for about 20% of world phosphate production.

The Company's Projects are sedimentary rock deposits. Sedimentary rock is more readily available than igneous rock and can be found with a higher phosphate content.

Phosphate content in currently mined rocks ranges from over 40% to less than 5%. Mined rock then undergoes further processing to remove impurities, providing a higher quality product with a higher phosphate content. There are a number of methods that can be employed to beneficiate phosphate rock, but these generally consist of washing, grinding, flotation (to separate phosphate bearing ore from certain impurities) and drying. This beneficiation process usually allows a concentration of around 1.5 times, but higher ratios are possible with some rocks. The end result is a phosphate concentrate typically ranging from 26% to 34% P_2O_5.

Phosphate rock reserves located in Morocco represent about half of the total world reserves. Phosphate rock reserves in China represent an estimated 21% of world reserves.

5.3 PHOSPHATE ROCK PRICES

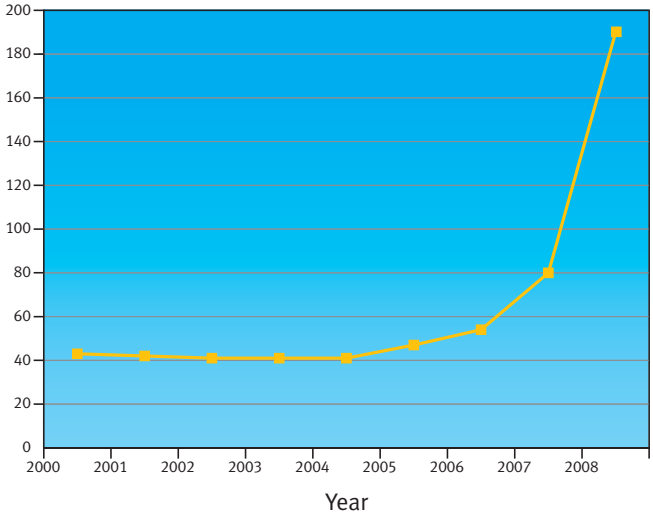
Since 2005 phosphate rock prices have been increasing. At the same time the term for supply contracts has been decreasing (from long term contracts of 5 or 10 years to short term contracts of 6 months or 1 year or even 3 months).

Morocco is the largest phosphate rock producer in the world supplying about 45% of globally traded phosphate rock and about 45% of globally traded phosphoric acid. The movement in the phosphate rock price can be benchmarked against the free on board ("fob") Moroccan phosphate rock price. For the three decades prior to 2005, Moroccan phosphate rock prices remained relatively flat. During 2005, the Moroccan rock phosphate price increased by US$6 per tonne to about US$47 per tonne and increased by a further US$7 per tonne to US$54 per tonne during 2006. Prices continued to rise in 2007, with prices around US$60 per tonne in early 2007 and US$85 per tonne by the end of 2007.

The accelerating climb continued into the first quarter of 2008, with contracts settled in the US$170-210 per tonne range and a contract term of mostly 6 months.

Whilst no contracts have yet been concluded, the current asking price for Morrocan rock phosphate is US$350-400 per tonne, depending on grade. There is, of course, no guarantee that contracts will be agreed at this price range.

MOROCCAN HISTORICAL PHOSPHATE ROCK PRICES
(nominal US$ per tonne)



5.4 CURRENT PRICE DRIVERS FOR PHOSPHATE ROCK

The demand for phosphate rock tracks demand for phosphate fertilisers as well as demand for industrial and animal feed phosphates.

A number of factors have caused strong fertiliser demand which in turn has led to the recent increases in phosphate rock price. These factors include:

- While growth has slowed, the world population continues to expand. Data from the United Nations indicates that the world population growth is currently around 1.1% per annum (from a historical average of 1.5% per annum growth). At the same time there has been per capita income growth (using real GDP per capita as a proxy) with current income growth at over 2% per annum.
- Much of the recent income growth has taken place in developing countries which has resulted in a corresponding increase in demand for foods with higher protein content. Added demand for protein has a multiplier effect on grain demand, since grains are a primary feed for livestock. Depending on the type of animals involved, the production system and location, between 2 kilograms of grain (low case for poultry) and as much as 11 kilograms of grain (high case for beef) is required to produce 1 kilogram of meat. There has also been an increased demand for milk and eggs, which requires intensive feeding of the animals.
- World arable land per person continues to decline, with less than one-quarter of a hectare responsible for feeding the average person in the world. In Asia, in particular, little more than one-tenth of a hectare per person is available for agriculture. This has implications for fertiliser use as greater land productivity is necessary.
- Grain consumption for biofuels processing is approaching 5% of global grain production.

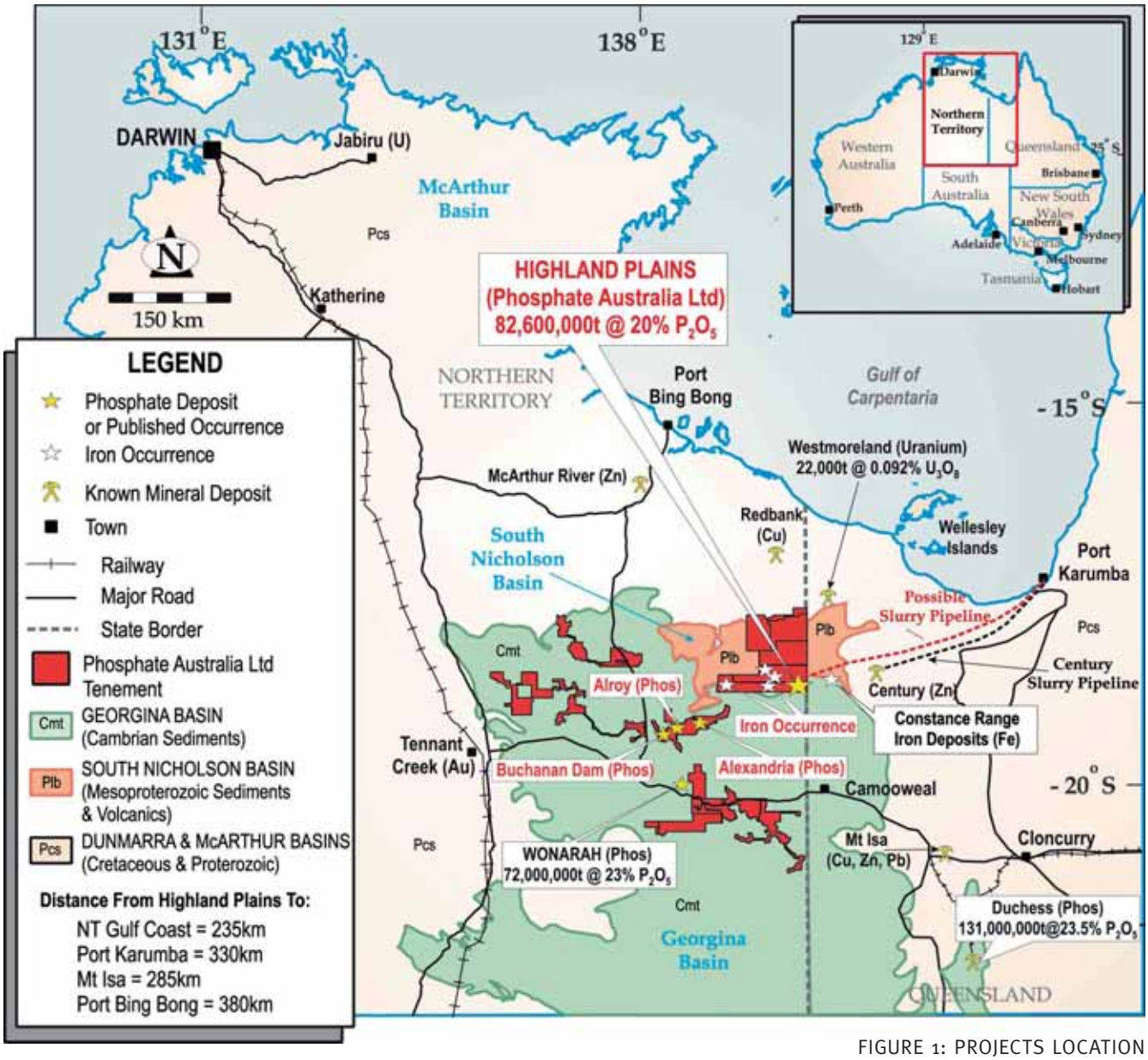


FIGURE 1: PROJECTS LOCATION

5.5 INTRODUCTION TO THE COMPANY'S PROJECTS

Australia's largest phosphate deposits are in the shallow marine sediments of the Cambrian Georgina Basin in north-west Queensland and the Northern Territory. It is in the Georgina Basin of the Northern Territory that the Company has acquired most of its large portfolio of tenements.

The Company's projects are predominantly for phosphate, but iron and uranium prospectivity is also high in some areas. All of the tenements are 100% owned by the Company.

5.5.1 PHOSPHATE PROJECTS

The Company has phosphate exploration projects at three different stages of maturity - advanced, intermediate and exploration stage.

5.5.1.1 Advanced Stage: Highland Plains Phosphate Project

At the most advanced stage is the Highland Plains Phosphate Project with an historical estimate of 82.6 million tonnes at 20% P_2O_5 (phosphate) mineralisation. *This historical estimate is not reported in accordance with the JORC Code. There can be no guarantee of reclassification to JORC Code standards in the short term or at all. Further information including the source and reliability of the historical estimate is contained in the Independent Geologists Report (IGR).*

The total area of the Highland Plains embayment as a drilling target is 6.5km^2. Initial drilling will begin on an area of approximately 1km^2, a shallow drilling target area, where historic drilling intersected phosphate mineralisation which commenced from 0 to 3 metres in depth.

The historical estimate above is based upon percussion drilling of 36 holes at Highland Plains for a total of 1,184 metres. Drill intersections include:

TABLE 1: HIGHLAND PLAINS PHOSPHATE PROJECT DRILL RESULTS HIGHLIGHTS

HOLE	HOLE DEPTH (M)	FROM (M)	TO (M)	INTERVAL (M)	P_2O_5 %
HP01	50.3	Hole ends at 50m, no anomalous P_2O_5			
HP02	33.5	10.7	25.9	15.2	20.9
HP03	42.7	9.1	19.8	10.7	20.0
HP04	53.3	12.2	13.7	1.5	20.7
		21.3	22.9	1.5	18.0
		35.1	48.8	13.7	21.9
HP05	33.5	7.6	9.1	1.5	17.7
		19.8	29.0	9.1	22.5
HP06	51.8	42.7	47.3	4.6	11.3*
HP07	27.4	13.7	24.4	10.7	25.6
HP08	27.4	7.6	21.3	13.7	17.3
HP09	36.3	19.8	24.4	4.6	16.8
		19.8	35.0	15.2	13.8*
HP10	18.3	12.2	13.7	1.5	19.5
HP11	27.7	Hole abandoned at 28m in Cmc			
HP12	27.4	Hole ends at 27m in Cmc			
HP16	50.3	22.9	24.4	1.5	18.0
		27.4	41.1	13.7	19.8
		42.7	44.2	1.5	23.0
HP17	32.0	10.7	16.8	6.1	19.9
HP18	42.7	6.1	9.1	3.0	11.8*
HP19	32.0	10.7	12.2	1.5	11.7*
		Hole abandoned at 32m in Cmt			
HP20	32.0	6.1	7.6	1.5	15.6
		19.8	29.0	9.1	27.2
HP21	18.3	10.7	15.3	4.6	14.4*
HP22	4.6	Hole abandoned at 5m			
HP23	16.8	1.5	15.2	13.7	19.0
		0.0	15.2	15.2	18.3*
HP24	42.7	4.6	9.1	4.6	23.3
		16.8	18.3	1.5	17.5
		19.8	21.3	1.5	17.8
		24.4	27.4	3.0	17.4
		32.0	39.6	7.6	15.4
HP25	24.4	Hole abandoned at 24m in Cmt			
HP26	38.1	19.8	21.3	1.5	16.0
		22.9	38.1	15.2	18.7
		19.8	38.1	18.3	17.6*
HP27	44.2	33.5	35.1	1.5	15.0
		39.6	44.2	4.6	22.0
HP28	39.6	0.0	1.5	1.5	33.5
		7.6	15.2	7.6	15.1*
		19.8	38.1	18.3	18.6*
		22.9	36.6	13.7	22.3
HP29	27.4	19.8	24.4	4.6	23.5
		15.2	24.4	9.1	17.6*
HP30	10.7	0.0	1.5	1.5	26.0
HP31	22.9	3.0	19.8	16.8	18.3
HP32	27.4	16.8	18.3	1.5	19.0
HP33	21.3	13.7	15.2	1.5	20.2
		13.7	18.3	4.6	16.4*
HP34	25.9	7.6	9.1	1.5	16.0
		10.7	22.9	12.2	20.8
HP35	29.0	15.2	16.8	1.5	21.0
		15.2	19.8	4.6	15.8*
HP36	36.6	27.4	29.0	1.5	23.0
		24.4	33.5	9.1	14.4*

NB: Table includes all holes in area of Figure 3.

All holes in table (except as marked) have a bottom cut of 15%, no top cut.

** Uncut*

Cmc - Bush Limestone Formation

Cmt - Border Waterhole Formation

HIGHLAND PLAINS PHOSPHORITE EMBAYMENT LOOKING NORTH EAST

FUTURE WORK PROGRAM AT HIGHLAND PLAINS:

- Resource definition drilling on known phosphate area. The total area of the Company's Highland Plains embayment as a target for drilling is 6.5km^2.
- Initial drilling would begin on an area of approximately 1km^2 that is a shallow drill target area where historic drilling in this area intersected phosphate mineralisation which commenced from 0 to 3 metres in depth.
- Follow up reconnaissance drilling of further highly prospective embayments along strike from Highland Plains to the west.

5.5.1.2 Intermediate Stage: Alexandria, Alroy and Buchanan Dam Phosphate Prospects

Further areas of known historical phosphate mineralisation in drill holes also occur on the Company's tenements at Alexandria, Alroy and Buchanan Dam. Previous drill intersections include 6.1m @ 25.0% P_2O_5 from 12.2m (Buchanan Dam), 6.1m @ 15.6% P_2O_5 from 48.8m (Alexandria) and 4.6m @ 15.5% P_2O_5 from 17.4m (Alroy).

These documented historical occurrences were reported with substantial bulk mineralisation estimates which would require far more drilling to meet today's reporting standards.

The Company intends to conduct follow up drilling to define the known phosphate mineralisation described above and explore for extensions to that mineralisation.

5.5.1.3 Exploration Stage: Georgina Basin Regional Phosphate Exploration

The regional exploration program will follow up radiometric anomalies in the Georgina Basin to identify new deposits of phosphate that may be associated with these anomalies. This will initially be done by soil sampling then followed up by reconnaissance drilling.

Exploration of these anomalies is planned to occur concurrently with the drilling program described above.

TABLE 2: PROPOSED EXPLORATION BUDGET – PHOSPHATE PROJECTS

ITEM	YEAR 1 ($)	YEAR 2 ($)
Database Establishment and data compilation	15,000	5,000
Aircore Drilling (Scout)	200,000	500,000
Reverse Circulation Drilling (resource definition)	1,200,000	1,550,000
Diamond Drilling (metallurgical)	200,000	200,000
Geological Salaries and Consultancy	260,000	530,000
Assay and Labwork	240,000	360,000
Administration and Field Logistics	220,000	520,000
Grand Total Phosphate Project	2,335,000	3,665,000

Note: this Exploration Budget covers all of the Company's phosphate Projects (which includes both granted exploration licences and exploration licence applications).

5.5.2 INTRODUCTION TO THE COMPANY'S IRON PROJECT

The Company's tenements include areas that have known iron occurrences and are prospective for Clinton style oolitic iron mineralisation.

Recent geological mapping by the Northern Territory Geological Survey ("NTGS") has identified outcrop and sub-crop of iron-bearing formations on the Company's tenements that lie within the South Nicholson Group. NTGS confirmed that one of these formations is equivalent to the host unit for the Constance Range iron ore deposits that lie just over the border in Queensland. The style of mineralisation has been described as Clinton type oolitic ironstones.

Iron ore exploration was conducted in the Constance Range area in Queensland in the early 1960s. Results for this exploration are based upon historical data that was prepared before the introduction of the JORC Code and as such is not able to be included in this Prospectus.

Since the discontinuation of the Constance Range iron ore project in the early 1960s, iron ore industry economics have changed considerably. The massive stratiform oolitic ironstones for which the Company's South Nicholson Basin tenements are prospective and has known occurrences, make it an excellent iron ore exploration target.

The Company's tenements in the South Nicholson Basin are under explored for iron ore and have considerable potential to convert known iron occurrences into commercial tonnages and grades. From recent mapping and site visits the Company has defined target areas for follow up.

It is the intention of the Company to follow up these targets with field mapping and sampling.

5.5.3 INTRODUCTION TO THE COMPANY'S URANIUM PROJECT

The Company's tenements in the South Nicholson Basin region are prospective for uranium. The rocks here are from Lower to Upper-Proterozoic in age and are being targeted for unconformity type uranium deposits. The "hot" (uranium rich) Murphy Inlier granite adjoins the northern part of the tenement area which could potentially act as a source for uranium rich fluids.

There are numerous airborne uranium radiometric anomalies on the Company's tenements that are prospective for uranium mineralisation; these anomalies warrant ground follow up.

The Company intends to field map and sample the uranium radiometric anomalies and associated structures. A hand held scintillometer will be used whilst mapping to assist with identifying any areas of outcropping uranium mineralisation or account for the radiometric anomalies. The results from mapping and sampling programs would provide orientation data for follow up geophysics surveys and drilling as required.

PHOSPHATE AUSTRALIA CHAIRMAN JIM RICHARDS AND TECHNICAL DIRECTOR LISA WELLS INSPECT OOLITIC IRON MINERALISATION ON THE COMPANY'S TENEMENTS IN THE SOUTH NICHOLSON BASIN

TABLE 3: PROPOSED EXPLORATION BUDGET – IRON & URANIUM PROJECTS

ITEM	YEAR 1 ($)	YEAR 2 ($)
Database Establishment and data compilation	20,000	10,000
Airborne Magnetic and Radiometric Surveys	70,000	70,000
Aircore Drilling (Scout)	80,000	200,000
Reverse Circulation Drilling	125,000	350,000
Geological Salaries and Consultancy	120,000	220,000
Assay and Labwork	35,000	60,000
Administration and Field Logistics	70,000	70,000
Grand Total Iron Ore/Uranium Project	520,000	980,000

Note: this Exploration Budget covers all of the Company's iron and uranium Projects (which includes both granted exploration licences and exploration licence applications).

5.6 INCORPORATION

The Company was incorporated in Western Australia on 10 January 2008 under the name Nicholson Resources Ltd ACN 129 158 550. On 27 February 2008 the Company changed its name to Phosphate Australia Limited.

6. DIRECTORS AND CORPORATE GOVERNANCE

6.1 DIRECTORS AND COMPANY SECRETARY

MR JIM RICHARDS (44)

B.Sc. Hons (Geology), MAusIMM
NON-EXECUTIVE CHAIRMAN

Jim Richards is a geology graduate of the University of London. He is a Perth based company director and geologist with 19 years experience in exploration for a wide variety of commodities. Until October 2007, Mr Richards was the chief executive officer and director of United Minerals Corporation NL ("UMC"), a successful listed iron ore and bauxite exploration company.

At UMC, Mr Richards led the team that discovered the high grade iron Railway Project in the Pilbara. While at UMC he generated in house a bauxite project located in the Kimberley. This bauxite project is currently in joint venture with a major aluminium producer. Mr Richards has particular skills in project set up and management, permiting approvals and Traditional Owner liaison.

Mr Richards has considerable overseas experience including running his own alluvial diamond dredging operation in Guyana, South America and work on the Omai gold project (that became a major mine) also in Guyana. Other resources work includes operating in Indonesia and two years spent in both Laos and Pakistan.

Previous employers and clients have included Newmont Mining Corporation, BHP Billiton Limited and Woodside Energy Limited. Prior to his corporate career, Mr Richards served as a regular officer in the British Army Parachute Regiment.

MR ANDREW JAMES (38)

B. App. Sc. Hons (Geology), MAusIMM, MAICD
MANAGING DIRECTOR

Andrew James is a geology graduate of the Queensland Institute of Technology. He has 17 years of experience in the petroleum industry, 12 of them working as an independent consultant for both junior and multi-national oil companies.

Recent experience has included leading the geological teams involved in the operation and management of offshore drilling and logging operations on the north-west shelf of Western Australia. This has included responsibility for safety, administration and compliance with regulations and authorities.

Mr James generated the Company's Nicholson and Georgina Basins Phosphate-Iron-Uranium Projects. Mr James was also responsible for the acquisition of the Highland Plains phosphate deposit. He has specific skills in company administration, project generation, tenement acquisition, drilling management and joint venture negotiations.

Mr James has worked in Mongolia, Louisiana (USA), Queensland, South Australia and Western Australia. He is a Member of the Australian Institute of Company Directors.

MS LISA WELLS (36)

B.Sc. (Multidisciplinary Science)
EXECUTIVE DIRECTOR - TECHNICAL

Lisa Wells is a geology graduate from Curtin University of Technology with 13 years of exploration and consulting experience. Ms Wells joined Mackay & Schnellmann Geological Consultants in 1996 and specialised in writing independent geological reports for prospectuses, project management, prospectivity analysis and designing and implementing GIS databases. She gained particular experience in manipulation and interpretation of remotely sensed data for target generation purposes. Commodity experience includes: diamonds (India, Angola, Western Australia), mineral sands (Western Australia), gold (Ghana, Western Australia), base metals (Queensland, Western Australia) and iron ore (Western Australia).

For the previous three years Ms Wells has been senior geologist then exploration manager for a successful publicly listed exploration company where she managed exploration programs in remote areas and gained particular experience in gaining permit approvals for mineral leases as well as designing and implementing health and safety procedures. The work included managing a diamond bulk sampling operation and a bauxite exploration program in the Kimberley region and an advanced iron ore project in the Pilbara, all in Western Australia.

Ms Wells will be responsible for the conduct, management and evaluation of the Company's exploration projects.

GRANT MOONEY (41)

B. Bus CA
COMPANY SECRETARY

Grant Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies.

Mr Mooney has gained extensive experience in the areas of corporate and project management since commencing Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance.

Currently, Mr Mooney serves as a director and company secretary to several ASX listed companies across a variety of industries including technology and resources.

He is a director of ASX listed gold resources company Barra Resources Limited and renewable energy company Carnegie Corporation Limited. Mr Mooney is a member of the Institute of Chartered Accountants in Australia.

BOARD OF DIRECTORS AND COMPANY SECRETARY:
FROM LEFT TO RIGHT: GRANT MOONEY, JIM RICHARDS, ANDREW JAMES, LISA WELLS

6.2 CORPORATE GOVERNANCE

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- Protection and enhancement of Shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- The identification of significant business risks and ensuring that such risks are adequately managed;
- The review and performance and remuneration of executive directors and key staff;
- The establishment and maintenance of appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

Subject to the exceptions outlined below the Company will adopt the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices will depart from the recommendations.

RECOMMENDATION REFERENCE - ASX GUIDELINES	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
2.1 and 2.2	No majority of independent directors including Chairman	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent non-executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic. The Company's Non-Executive Chairman, Mr Jim Richards, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director due to his relevant interest in Shares. However, the Board believes that the Chairman is able and does bring quality and independent judgement to all relevant issues falling within the scope of the role of a Chairman.
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems.
8.1	There is no separate Remuneration Committee	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

The Company is in the process of adopting corporate governance policies in common with other public listed companies of similar size and business. Copies of these policies, once adopted, will be accessible on the Company's website www.phosphateaustralia.com.au.

7. RISK FACTORS

7.1 INTRODUCTION

An investment in the Shares the subject of this Prospectus is highly speculative as the Company is a resource exploration and development company. The Board recommends that investors consider the risks described below and information contained elsewhere in this Prospectus, as well as consulting with their professional advisers before deciding whether or not to apply for the Shares.

The following is a non-exhaustive list of the risks that may have a material effect on the financial position and performance of the Company and the value of its securities, as well as the Company's exploration, any development and mining activities and an ability to fund those activities.

The specific risks below are some of the risks specific to the Company including specific phosphate business risks. The general investment risks below are some of the risks to the Company of a general nature.

7.2 SPECIFIC RISKS

EXPLORATION

Investors should understand that phosphate, iron and uranium exploration and development is by its nature a high risk undertaking.

The Company does not currently have any JORC compliant resources and further evaluation of data and exploration is required to determine whether the historical mineralisation present within the tenements of the Company can be reported under the JORC Code.

There can be no assurance that the Company's exploration of its existing Projects or any other exploration projects that may be acquired in the future 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.

MINERALISATION ESTIMATIONS

Mineralisation estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, mineralisation estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, mineralisation estimates may change over time as new information becomes available. If the Company encounters mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, any mineralisation estimates may need to be altered in a way that could adversely affect the Company's operations.

PHOSPHATE AND OTHER MINERALS

Phosphate rock prices are typically negotiated between the producer and consumer (not through a trader) under supply contracts lasting from 6 months to several years. Only a small, though significant, portion of phosphate rock is sold on the spot market. Historically, phosphate rock supply contracts have had a relatively long term (up to 5 or even 10 years), either at a fixed price or at times with a price escalation mechanism. Rock phosphate supply contracts have become shorter with terms of typically 1 year or 6 months. In 2007 and 2008, with the increase in rock phosphate prices, phosphate rock suppliers have negotiated contracts with shorter-terms (such as 3 months).

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world wide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors 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.

TENEMENT RIGHTS

A number of the tenements held by the Company (16 of 19 tenements) are applications. The grant of such applications is subject to satisfying various conditions including addressing native title issues in a number of cases. There is no guarantee that the applications will be granted.

Tenements that are granted are subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each licence is usually at the discretion of the relevant government authority. Additionally, licences are subject to a number of specific legislative conditions. The inability to meet these conditions could affect the standing of a licence or restrict its ability to be renewed.

If a licence is not renewed or granted, the Company may suffer significant damage through the loss of opportunity to develop and discover and mine resources on that licence.

Investors are referred to the Solicitor's Report on the Tenements in section 10 for information generally on the licences.

AERIAL VIEW AT HIGHLAND PLAINS PHOSPHATE PROJECT.

NATIVE TITLE AND LAND ACCESS

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Straight Islander people in land and waters, according to their traditional laws and customs. There is a significant uncertainty associated with native title in Australia and this may impact upon the Company's operations and future plans.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not necessarily extinguished by the grant of mining licences, although a valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

All tenements granted prior to 1 January 1994 are valid or validated by the Native Title Act. For tenements to be validly granted (or renewed) after 1 January 1994 the future act regime established by the Native Title Act must be followed.

It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner) or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.One of the Company's tenements (exploration licence application 26682) is applied for over land owned by the Karlantijpa North Aboriginal Land Trust ("Land Trust"), being the subject of a land grant under the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth). Thereby the grant of the exploration licence will require the consent of the Land Trust and the Minister. Further information on native title and the Company's tenements is detailed in the Solicitor's Report on the tenements in Section 10.

ENVIRONMENTAL

The Company's Projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's Projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's Projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

DEVELOPMENT AND MINING

Possible future development of a mining operation at any of the Company's Projects is dependent on a number of factors including, but not limited to, failure to acquire and/or delineate economically recoverable ore bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or

increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from any third parties providing essential services.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, lack of skilled labour, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

RELIANCE ON KEY PERSONNEL

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the phosphate and mining industry and the Company's ability to retain its key executives.

INSURANCE

The Company, where economically feasible, may insure its operations in accordance with industry practice. However even if insurance is taken out, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

FUTURE CAPITAL NEEDS AND ADDITIONAL FUNDING

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Prospectus. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its Projects and it may impact on the Company's ability to continue as a going concern.

LIMITED OPERATIONAL HISTORY

While the Company's management has significant experience and have previously carried out or been exposed to exploration and production activities while employed or engaged by other companies, the Company was not incorporated until 10 January 2008. Accordingly, the Company has limited historical, financial or operating information. The Company's ability to achieve its objectives depends on the ability of its Directors and officers to implement current plans and to respond to any unforeseen circumstances that require changes to those plans.

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.

URANIUM EXPLORATION DEVELOPMENT

In addition to the Company's primary focus on phosphate exploration and development, certain of the Company's tenements, that are currently in application, are prespective for uranium mineralisation. The Company intends to expore for uranium on the relevant tenements once they are granted.

The Commonwealth Government is responsible for uranium mining in the Northern Territory and permits uranium mining under strict conditions after an extensive approval process. There is extensive regulation generally by state and federal governments in relation to aspects of the uranium industry including development, production, export, occupational health, waste disposal and rehabilitation of the environment. This regulation is more rigorous than for the mining of other metals and there is a risk that the discovery of an otherwise economic deposit of uranium may be uneconomic due to the cost of compliance with regulation and possible development delays.

7.3 GENERAL INVESTMENT RISKS

SECURITIES INVESTMENTS AND SHARE MARKET CONDITIONS

There are risks associated with any securities investment. The prices at which securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

ECONOMIC RISK

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

LEGISLATIVE

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

8. INDEPENDENT GEOLOGISTS REPORT

B.H.McCrow and Associates
(A.B.N. 67 854 461 610)
Consulting Geologists

PO Box 546
Denmark, WA 6333
Ph 08 9848 3660
Fx 08 9848 3376
Email bhmc@iinet.net.au

The Directors,
Phosphate Australia Limited
Suite 4, 6 Richardson Street
West Perth, WA 6005

Dear Sirs,

REFERENCE: INDEPENDENT GEOLOGIST'S REPORT

B.H. McCrow and Associates ("BMA") have been engaged by Phosphate Australia Limited ("Phosphate Australia") to prepare an Independent Geologist's Report ("IGR") on Phosphate Australia's mineral exploration properties located in the Northern Territory. This report is to be included in a Prospectus (Prospectus) to be lodged with the Australian and Securities Investments Commission ("ASIC") on or about the 26th May 2008. The Prospectus will offer 50 million shares at $0.20 each.

BMA was involved in the preparation of the IGR for inclusion in the Prospectus and has not been involved in the preparation, authorization or issuance of any other part of the Prospectus.

The IGR has been prepared in accordance with the Valmin Code, which is binding upon members of the Australian Institute of Geoscientists and applies to reports prepared after 1 April 1998. The IGR does not provide an opinion on the value of the mineral assets of Phosphate Australia.

The phosphate assets and exploration projects of Phosphate Australia are contained within 19 mineral tenements in the northeastern region of the Northern Territory. For the current status of these tenements BMA has relied upon information provided by Phosphate Australia and has prepared the IGR on the assumption that access for exploration for all tenements will be retained. Details of the legal status of Phosphate Australia's tenements have not been investigated and are considered elsewhere in the Prospectus. For the purpose of the IGR, it is assumed that all tenements and agreements are and will remain in good standing in the immediate future and that tenements are, or will be, wholly or partially beneficially owned by Phosphate Australia.

The contents of this IGR are based on reports and data made available by Phosphate Australia and independent research undertaken at the web site of the Northern Territory Geological Survey. In addition, reference has been made to publicly available information in monographs and other published reports. Documents and reports reviewed in the preparation of this IGR are cited in the Principal Sources of Information, which constitutes part of the IGR. Phosphate Australia has warranted that full disclosure of all material information in its possession has been made and that to the best of its knowledge and understanding, such information is complete, accurate and true. Reconnaissance helicopter based site visits have been made to selected Phosphate Australia's projects for the purpose of preparing this IGR. The site visits were for the purposes of validation of (a) previous exploration and (b) geological reports or commentaries pertaining to some of the project areas.

BMA has had no prior association with Phosphate Australia and nor is any material or contingent interest likely to affect the conclusions of this IGR, which has been prepared in return for professional fees based upon agreed commercial rates. The payment of these fees is in no way contingent on the results of this report, nor on the outcome of the proposed Prospectus issue.

Investigations relating to present or future native title claims have not been undertaken and no reference has been sighted which indicates any such claims exist. Potential consequences of exploration and mining on rare and endangered flora and fauna have not been assessed.

BMA is a geological consultancy to the exploration industry and the IGR has been compiled by Mr. B.H. McCrow, B.Sc, a professional geologist with 40 years experience in the exploration for, and evaluation of, mineral deposits in Australia. Mr. McCrow is a member of the Australian Institute of Geoscientists with the appropriate relevant experience, qualifications and independence to be considered "expert" and "competent" under the relevant professional codes, including JORC 2004.

BMA has given consent in writing to the issue of the Prospectus accompanied by this IGR in the form and context in which it appears and has not withdrawn consent prior to its issue.

Yours faithfully,

B.H.McCrow and Associates

BRIAN MCCROW B.Sc; MAIG
27TH APRIL 2008

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EXECUTIVE SUMMARY

Phosphate Australia Limited (Phosphate Australia) has acquired a large (22,240 km^2) portfolio of Exploration Projects in the Northern Territory (Figure 1). These Projects are pre-dominantly for phosphate, but iron and uranium prospectivity is also high in some areas. The tenements are owned 100% by Phosphate Australia (Figure 1).

PHOSPHATE

Phosphate Australia has acquired the Highland Plains phosphate project in the Northern Territory. An advanced Project which includes an historical estimate of 82.6 million tonnes at 20% P_2O_5 mineralisation[1]. This historical estimate is not reported in accordance with the JORC Code. Further information including the source and reliability of the historical estimate is contained at the end of this report.

The total area of the Phosphate Australia Highland Plains embayment as a drilling target is 6.5km^2. Initial drilling could begin on an area of approximately 1km^2, a shallow drilling target area, where historic drilling intersected phosphate mineralisation which commenced from 0 to 3 metres in depth (Figure 3).

Further areas of known historical phosphate mineralisation in drill holes also occur on the Company's tenements at Alexandria, Alroy and Buchanan Dam. Previous drill intersections include 6.1m @ 25.0% P_2O_5 from 12.2m (Buchanan Dam), 6.1m @ 15.6% P_2O_5 from 48.8m (Alexandria) and 4.6m @ 15.5% P_2O_5 from 17.4m (Alroy). See Figure 2.

The Company's tenements are also prospective for additional as yet undiscovered phosphate mineralisation (Figure 6). The phosphate tenements lie within the Georgina Basin which is also the setting for Australia's only known world class phosphate deposits, including Duchess in Queensland (currently being mined by a well known fertiliser producer) and Wonarah in the Northern Territory currently undergoing pre-feasibility studies.

IRON

The Company's tenements include areas that have known iron occurrences and are prospective for Clinton style oolitic iron mineralisation (Figures 7&8).

Recent geological mapping by the Northern Territory Geological Survey (NTGS) has identified outcrop and sub-crop of iron-bearing formations on Phosphate Australia's tenements that lie within the South Nicholson Group. NTGS confirmed that one of these formations is equivalent to the host unit for the Constance Range iron ore deposits that lie just over the border in Queensland (QLD). The style of mineralisation has been described as Clinton type oolitic ironstones (Ferenczi).

Iron ore exploration was conducted in the Constance Range area (QLD) in the early 1960's by BHP resulting in substantial historical published iron ore mineralisation (Harms 1965). These results are based upon historical data that is pre JORC Code and as such is not able to be included in this report.

URANIUM

The Company's tenements in the South Nicholson Basin region are prospective for uranium. The rocks here are from Lower to Upper-Proterozoic in age and are being targeted for unconformity type uranium deposits (eg Jabiluka and Ranger uranium mines). The 'hot' (uranium rich) Murphy Inlier granite adjoins the northern part of the tenement area which could potentially act as a source for uranium rich fluids.

There are numerous airborne uranium radiometric anomalies on Phosphate Australia's ground that are prospective for uranium mineralisation; these anomalies warrant ground follow up (Figure 9).

PROSPECTIVITY

By modern standards, the project areas are either under-explored or not explored at all, for their mineral potential. With the advances in recent exploration techniques coupled with the prevailing world prices in minerals, particularly phosphate, iron, and uranium, all the project areas require immediate investigation.

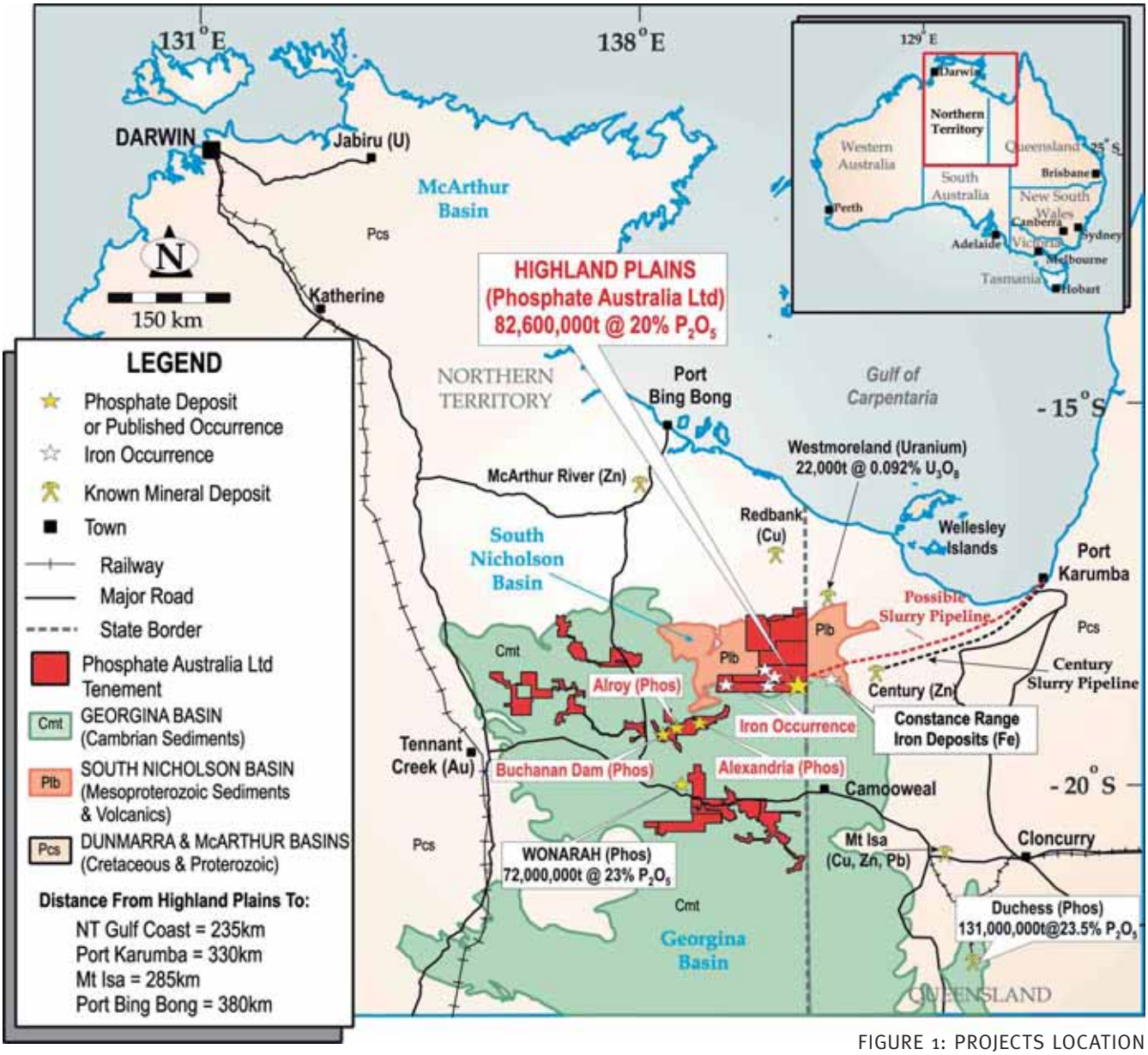


FIGURE 1: PROJECTS LOCATION

1.0 PHOSPHATE PROJECT - GEORGINA BASIN

1.1 INTRODUCTION

Phosphate Australia's phosphate project consists of a 100% interest in 14 exploration licences covering a total area of approximately 17,517 km^2 as listed below (Figures 1&2):

The Georgina Basin Phosphate Project is located in the central eastern sector of the Northern Territory close to the Queensland border approximately 350 km east northeast of Tennant Creek. Access is via the Barkly highway, the Tablelands Highway, the Calvert Road and thence by old fence lines and station tracks.

TABLE 1: PHOSPHATE PROJECT TENEMENTS

PERMIT	AREA KM^2	APPLIC'N DATE	GRANT DATE	COMMENTS
EL25068	1,574	24-Nov-05	08-Aug-06	100% PA
EL25600	1,614	14-Sep-06	23-Aug-07	100% PA
EL25972	682	14-Mar-07	19-Nov-07	100% PA
EL26604	41	30-Jan-08	Application	100% PA
EL26642	1,561	05-Feb-08	Application	100% PA
EL26643	1,362	05-Feb-08	Application	100% PA
EL26644	1,589	05-Feb-08	Application	100% PA
EL26651	1,192	06-Feb-08	Application	100% PA
EL26661	1,620	21-Feb-08	Application	100% PA
EL26678	161	05-Mar-08	Application	100% PA
EL26680	1,177	05-Mar-08	Application	100% PA
EL26681	265	05-Mar-08	Application	100% PA
EL26682	1,468	07-Mar-08	Application	100% PA
EL26683	1,595	07-Mar-08	Application	100% PA
Totals	17,517 km2			

NB: PA – Phosphate Australia Limited

EL 25068 & 26604 are for Phosphate and iron/uranium exploration

1.2 PREVIOUS EXPLORATION

The tenements cover a large area which historically has two distinct prospect locations namely, Highland Plains and Alexandria-Alroy-Buchanan Dam (Figure 2).

1.2.1 Highland Plains Phosphate Project – Previous Exploration

In 1968, Australian Geophysical Pty Ltd (AG) undertook extensive phosphate exploration over their Highland Plains prospect with activities including geological mapping, soil sampling, shallow percussion drilling and finally deep rotary percussion drilling. This drilling consisted of 36 holes for 1,184 metres (Figure 3).

Two major tabular phosphatic zones (Basal and Upper Phosphate Zones) were delineated within the Lower Border Water Hole Formation with narrow discontinuous phosphatic lenses above and between the two main zones. The Basal Zone was at the base of the Cambrian Border Water Hole formation immediately unconformably overlying the Proterozoic Bluff Range formation (Figure 4).

The Basal Zone reportedly ranged in thickness from 1.5m to 17m with grades ranging from 1 6% to 30% P_2O_5 while the Upper Phosphate Zone ranged in thickness from 1.5m to 11m with grades of 16% to 34% P_2O_5 . The base of the Upper Phosphate Zone varied between 8m to 17m above the top of the Basal Zone. The phosphate was identified as being of primary origin, occurring as granular pellets of collophane dispersed within friable siltstones and fine-grained sandstones with occasional thin interbeds of chert.

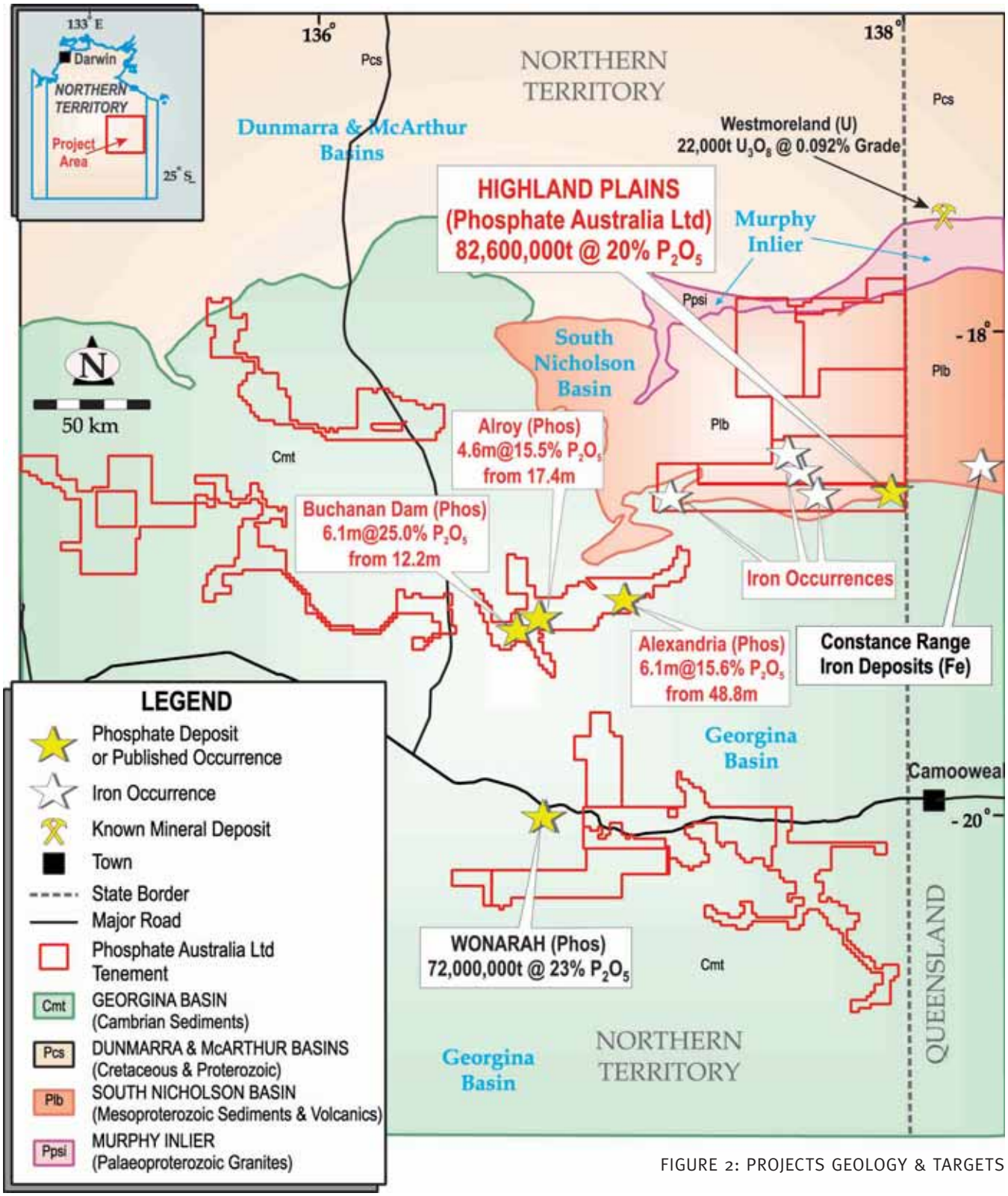


FIGURE 2: PROJECTS GEOLOGY & TARGETS

TABLE 2: HIGHLAND PLAINS PHOSPHATE PROJECT DRILL RESULTS HIGHLIGHTS

HOLE	HOLE DEPTH (M)	FROM (M)	TO (M)	INTERVAL (M)	P_2O_5 %
HP01	50.3	Hole ends at 50m, not anomalous P_2O_5			
HP02	33.5	10.7	25.9	15.2	20.9
HP03	42.7	9.1	19.8	10.7	20.0
HP04	53.3	12.2	13.7	1.5	20.7
		21.3	22.9	1.5	18.0
		35.1	48.8	13.7	21.9
HP05	33.5	7.6	9.1	1.5	17.7
		19.8	29.0	9.1	22.5
HP06	51.8	42.7	47.3	4.6	11.3*
HP07	27.4	13.7	24.4	10.7	25.6
HP08	27.4	7.6	21.3	13.7	17.3
HP09	36.3	19.8	24.4	4.6	16.8
		19.8	35.0	15.2	13.8*
HP10	18.3	12.2	13.7	1.5	19.5
HP 11	27.7	Hole abandoned at 28m in Cmc			
HP 12	27.4	Hole ends at 27m in Cmc			
HP16	50.3	22.9	24.4	1.5	18.0
		27.4	41.1	13.7	19.8
		42.7	44.2	1.5	23.0
HP17	32.0	10.7	16.8	6.1	19.9
HP18	42.7	6.1	9.1	3.0	11.8*
HP19	32.0	10.7	12.2	1.5	11.7*
		Hole abandoned at 32m in Cmt			
HP20	32.0	6.1	7.6	1.5	15.6
		19.8	29.0	9.1	27.2
HP21	18.3	10.7	15.3	4.6	14.4*
HP22	4.6	Hole abandoned at 5m			
HP23	16.8	1.5	15.2	13.7	19.0
		0.0	15.2	15.2	18.3*
HP24	42.7	4.6	9.1	4.6	23.3
		16.8	18.3	1.5	17.5
		19.8	21.3	1.5	17.8
		24.4	27.4	3.0	17.4
		32.0	39.6	7.6	15.4
HP25	24.4	Hole abandoned at 24m in Cmt			
HP26	38.1	19.8	21.3	1.5	16.0
		22.9	38.1	15.2	18.7
		19.8	38.1	18.3	17.6*
HP27	44.2	33.5	35.1	1.5	15.0
		39.6	44.2	4.6	22.0
HP28	39.6	0.0	1.5	1.5	33.5
		7.6	15.2	7.6	15.1*
		19.8	38.1	18.3	18.6*
		22.9	36.6	13.7	22.3
HP29	27.4	19.8	24.4	4.6	23.5
		15.2	24.4	9.1	17.6*
HP30	10.7	0.0	1.5	1.5	26.0
HP31	22.9	3.0	19.8	16.8	18.3
HP32	27.4	16.8	18.3	1.5	19.0
HP33	21.3	13.7	15.2	1.5	20.2
		13.7	18.3	4.6	16.4*
HP34	25.9	7.6	9.1	1.5	16.0
		10.7	22.9	12.2	20.8
HP35	29.0	15.2	16.8	1.5	21.0
		15.2	19.8	4.6	15.8*
HP36	36.6	27.4	29.0	1.5	23.0
		24.4	33.5	9.1	14.4*

NB: Table includes all holes in area of Figure 3.

All holes in table (except as marked) have a bottom cut of 15%, no top cut.

** Uncut*

Cmc - Bush Limestone Formation

Cmt - Border Waterhole Formation

AG observed that all potentially economic phosphatic ore bodies occurred in the Lower Border Waterhole Formation north of the Lancewood Creek fault zone as the Lower Border Waterhole Formation was interpreted as being conformably overlain by Bush Limestone south of the fault zone (Figures 3 and 4).

Using a polygonal system assuming uniform tabular phosphorite horizons, AG estimated what they referred to as "indicated and inferred reserves" in long tons. On today's reporting standards as set out by the Joint Ore Reserve Committee ("JORC") AG's figures represent estimates of in-situ bulk mineralisation as follows, in tonnes (conversion factor of 1 long ton =1.02 tonnes).

Basal Zone: 44,900,000tonnes at 20.5% P_2O_5 .

Upper Phosphatic Zone: 23,000,000tonnes at 21.7% P_2O_5.

Basal Zone Extrapolation to Eastern Margin of A to P: 14,800,000tonnes at 20.5% P_2O_5.

The Total Bulk Mineralisation Estimates: 82,600,000tonnes at 20% P_2O_5.

This historic estimate is not JORC Code compliant. Further information including the source and reliability of the historic estimate is contained at the end of this report.

Further work was strongly recommended but there is none on record. The AG report also stated that "it is strongly stressed that all calculated reserves are conservative and that a future programme of detail (sic) drilling and surveying would considerably increase these."

PHOTO 1: RIGHT TO LEFT, JIM RICHARDS (CHAIRMAN - PHOSPHATE AUSTRALIA), BRIAN MCCROW (INDEPENDENT GEOLOGIST) AND LISA WELLS (TECHNICAL DIRECTOR – PHOSPHATE AUSTRALIA) AT THE HIGHLAND PLAINS PHOSPHATE PROJECT.

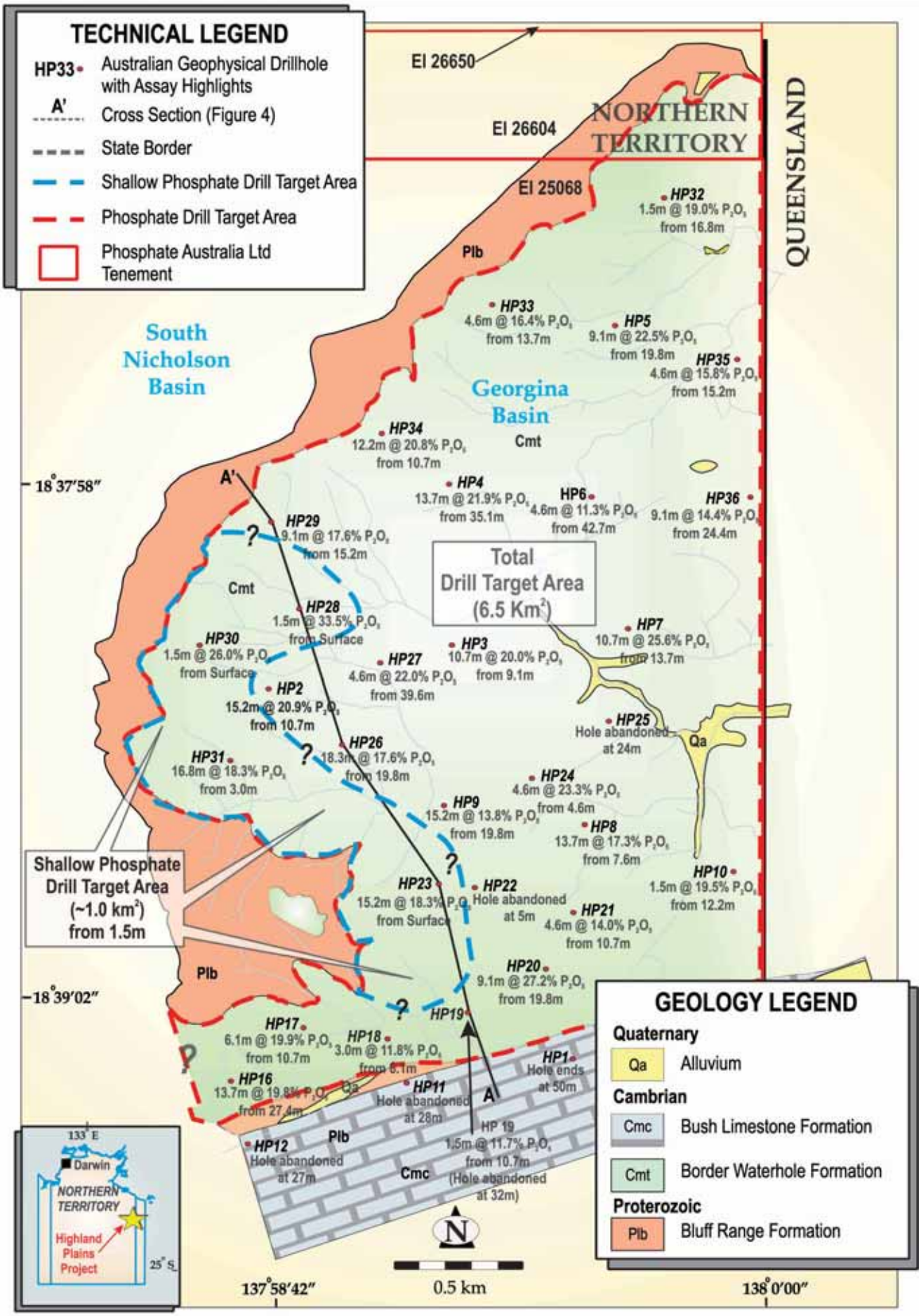


FIGURE 3: HIGHLAND PLAINS DRILL HIGHLIGHTS & GEOLOGY PLAN

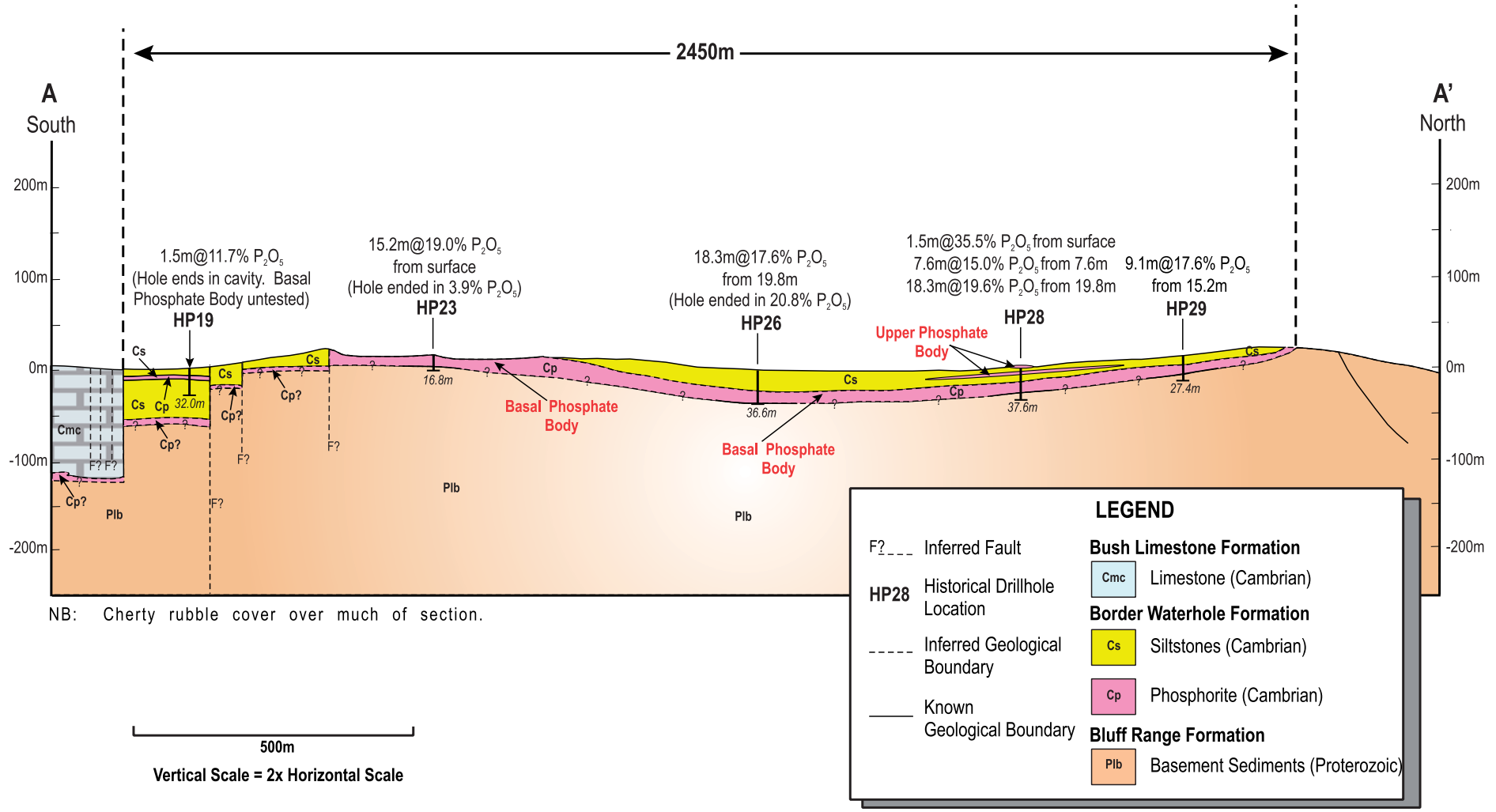


FIGURE 4: HIGHLAND PLAINS DRILL SECTION

1.2.2 ALEXANDRIA-ALROY-BUCHANAN DAM – PREVIOUS EXPLORATION

Recorded phosphorite exploration began in 1967 on the Alexandria and Wonarah prospects when IMC Development Corporation (IMC) commenced a drilling program which intersected phosphorite horizons on the margins of the Precambrian.

From the results IMC noted that on the Alexandria Authority the main phosphorite horizon in one drill hole averaged 6.1m @ 15.6% P_2O_5 from 48.8m that includes up to 18% P_2O_5 in parts. While IMC's reports indicated that further work was planned, there are no records of further exploration.

In 1968, Pickands Mather and Co International (PMI) commenced reconnaissance drilling program in the Alroy area (A to P 1874) and identified two prospects, Area No1 and Area No2 (since named Buchanan Dam). After limited follow-up drilling, PMI reported thickness and grade averages as follows:

ALROY AREA NO 1 (TWO HOLES):

Reported as weakly calcareous to non-calcareous.

HOLE A2-2A:

6.1m @10.0% P_2O_5 from 18.3m

Includes - 1.8m @14.5% P_2O_5 from 18.3m

Reported as weakly calcareous to non-calcareous

HOLE A-10-70:

6.4m @12.0% P_2O_5 from 16.2m

Includes – 4.6m @15.5% P_2O_5 from 17.4m

BUCHANAN DAM (ALROY AREA NO 2 (ONE HOLE)):

HOLE A-12-70

6.1m at 25% P_2O_5 from 12.2 m.

Reported as carbonate rich

PMI also gave substantial bulk mineralisation estimates which would require far more drilling to meet today's reporting standards. The higher grade phosphorites were hosted by calcic mudstones and claystones and minor limestone.

In 1971, Minoil Services Pty Ltd (Minoil) completed further broad spaced drilling in the Alroy area (A to P 1874) Area No1 prospect mainly to investigate phosphatic horizons for sedimentary base metal mineralisation.

One hole that had a 3m intersection in "dark shale" recorded the following maximum base metal values: Ag-5 ppm, As-700 ppm, Cd-50 ppm, Co-2000 ppm, Cu-1500 ppm, Mn-17.0%, Pb-8000 ppm and Zn-8000 ppm. No high grade phosphate was intersected in the hole but the interval with the high base metal mineralization also had a high radioactive count. In another hole 800m to the south, higher than average base metal levels were recorded in the phosphatic zone.

Minoil concluded that the area had the potential for a sedimentary deposit of base metal mineralization but did not deem the phosphorites as requiring further exploration. From the open records, it appears that Minoil conducted no further exploration.

In 1976, ICI Australia Limited ("ICI") drilled nine rotary/percussion drill holes for a total of 219.5 metres at Alroy on EL 1081 which covered the old PMI Prospecting Authority 1874 (Areas No 1 and 2). Again the drilling was broad spaced with a number of holes being drilled one kilometre away from PMI discovery holes. ICI had difficulty correlating the mineralised horizons and listed three possibilities as to why:

- The high grade material formed in very small depositional basins.
- The high grade material developed in narrow but presently undefined inter-reef channels 0.5-1 kilometre wide.
- That diagenetic concentration has led to local high grade patches, following general leaching from the surrounding siltstones.

From 1976 to 1977, ICI explored the Alexandria area for extensions to the low grade phosphorite deposits located by I.M.C. in 1968-70. Seven rotary/percussion holes were drilled in this zone but only very low grade phosphate was intersected. ICI ceased exploration in 1977.

1.3 PROJECT GEOLOGY – PHOSPHATE

1.3.1 GENERAL PROJECT GEOLOGY

The Palaeozoic Georgina Basin is one of a number of Neoproterozoic to Palaeozoic sedimentary intracratonic basins (once an extensive super basin) that comprise the Central Australian Platform Cover and are characterised by shallow marine epicontinental successions of carbonate and marine clastic rocks, evaporite, and fluvial and lacustrine continental sandstone, glaciogenic sediments, shale and siltstone. These sediments were succeeded by marine carbonate and clastic deposits, which accumulated into Cambrian and Ordovician times (440 million years ago). Younger, non-marine Silurian to Early Carboniferous successions are restricted in areal extent. In addition, extensive sub-aerial flood basalt of Early Cambrian age (540 Ma) covered large areas in the northern part of the Northern Territory.

The Georgina Basin is bounded by the South Nicholson and McArthur Basins on the north, Tennant Inlier on the west and Arunta Province on the south, and continues eastward into western Queensland to abut the Mt Isa Block. By Middle Cambrian, marine conditions prevailed in the basin and phosphogenesis was widespread (Southgate and Shergold, 1991).

In the project area, the central Georgina Basin contains a relatively thin stratigraphic succession, up to 450m thick, deposited on a tectonically quiescent platform. Deposition in the central region commenced with a marine transgression in the early Middle Cambrian and may have extended into the Late Cambrian. This central platform has been subdivided into an eastern Undilla Sub-basin and a western Barkly Sub-basin, separated by the Alexandria-Wonarah Basement High.

Economic phosphate deposits in Middle Cambrian Georgina Basin are being mined at Duchess in Queensland. These phosphatic sediments were deposited in a restricted embayment that was bounded by land on its northern,

western, and southern sides, and whose eastern connection with the Burke River Outlier, an appendage of the Georgina Basin, was restricted by shallow banks.

The Duchess (Phosphate Hill) mine produces 648,000 t of di-ammonium phosphate and 236,000t of mono-ammonium phosphate (from 2 Mt of phosphate rock) annually from a deposit containing a total resource of 131 Mt @ 23.5% P_2O_5 (WMC Resources Ltd 2005). This mine is not an asset on Phosphate Australia, its location is shown on Figure 1.

There have been efforts to correlate sedimentary horizons from one area to another but this has been difficult to achieve, other than in the broadest terms, due to rapid lateral facies changes.

1.3.2 HIGHLAND PLAINS GEOLOGY

The Georgina Basin phosphorites (including Highland Plains) are believed to have formed via the upwelling of phosphate rich cold oceanic waters and the subsequent concentration of phosphate rich sediment on the continental shelf. This final phosphate precipitation would take place within shallow water embayments, where warmer waters make the phosphate less soluble and a high degree of biological mortality is also believed to be important (Figure 5).

Highland Plains is a particularly obvious and prospective embayment area which can still be made out in the present day (Photo 2).

The geology of the area consists of the Pre-Cambrian Bluff Range Formation (PIb), the Cambrian Border Waterhole (Cmt) and Current Bush Limestone (Cmc) Formations, and Cretaceous and Recent sediments.

The Bluff Range Formation occurs on the northern sector of the area and continues further north for several miles, to the Little Range Fault. The formation predominantly consists of arenaceous and argillaceous rocks, which become slightly dolomitic to the north. The beds strike east northeast and dip moderately (20-40°) to the north. Minor localised folds are present. Drilling by exploration companies revealed that the lithology and structure of the Bluff Range formation was generally the same as that exposed.

The Border Waterhole Formation unconformably overlies the Bluff Range Formation. The formation is divided into Lower and Upper units. The Lower Unit occurs mainly north of the Lancewood Creek, but is poorly exposed due to burial by chert rubble. The maximum thickness of the unit is probably between 60 to 80m and consists of cherts, siltstones, phosphatic siltstone, and minor fine grained sandstones, which grade rapidly both laterally and vertically into each other. The base of the unit consists of fine grained ferruginous sandstones and siltstones only several feet thick. In places these beds are phosphatic and partially lateritised, but elsewhere they may be completely absent.

Overlying these beds are white to light brown, thinly bedded phosphatic siltstones with occasional thin beds of chert and chert nodules (Basal Phosphatic siltstone zone).

The average thickness of the Basal Phosphatic Zone is approximately 10m, but can vary from 1.5m to 17m and grades vertically into a series of cherts and siltstones with occasional fine grained sandstones. Another phosphatic siltstone zone exists within these beds (The Upper Phosphatic Siltstone Zone) which is exposed in places and varies between 1.5m and 11m in thickness.

The total area of the Phosphate Australia Highland Plains embayment as a target for drilling is 6.5km^2. This includes an area of approximately 1km^2 that is a shallow drill target area. Historic drilling in this shallow area intersected phosphate mineralisation which commenced from 0 to 3 metres in depth (Figure 3).

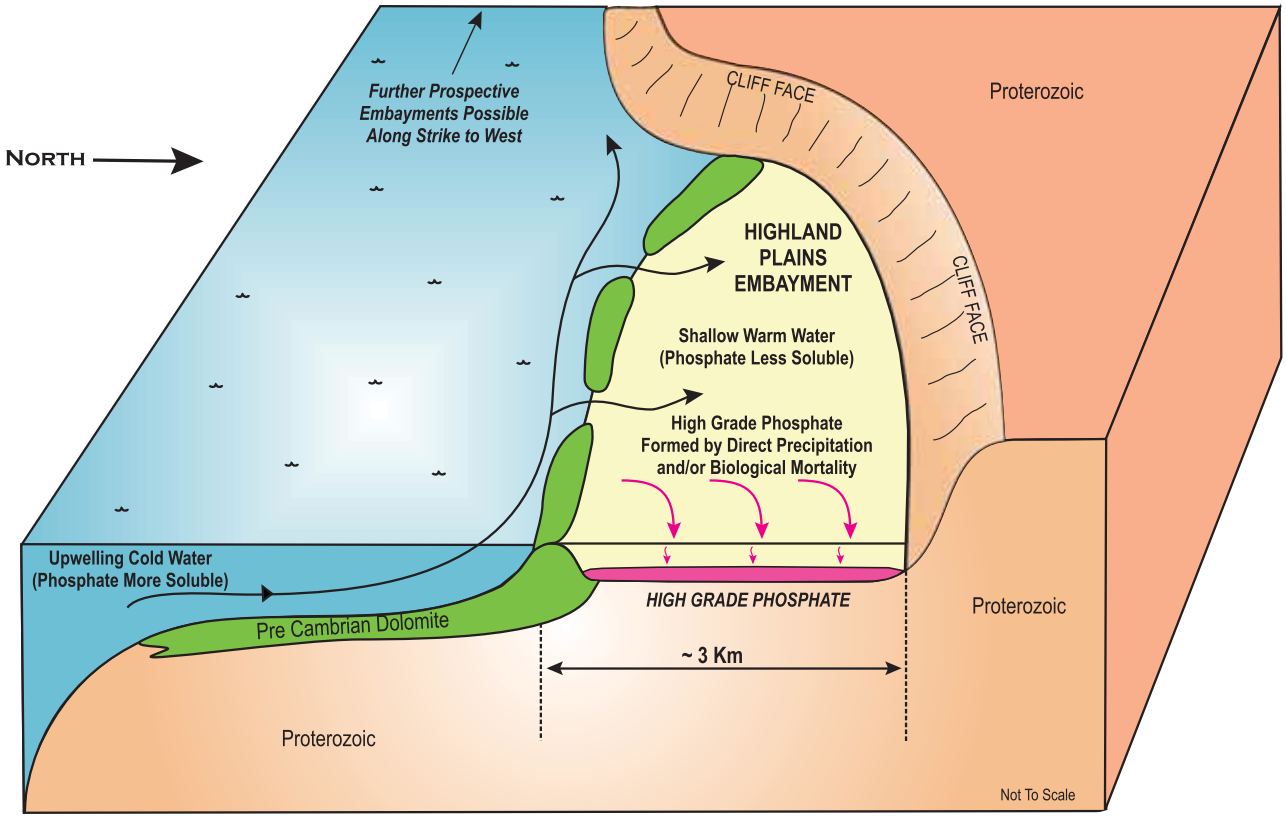


FIGURE 5: CONCEPTUAL DIAGRAM OF THE HIGHLAND PLAINS PHOSPHORITE EMBAYMENT

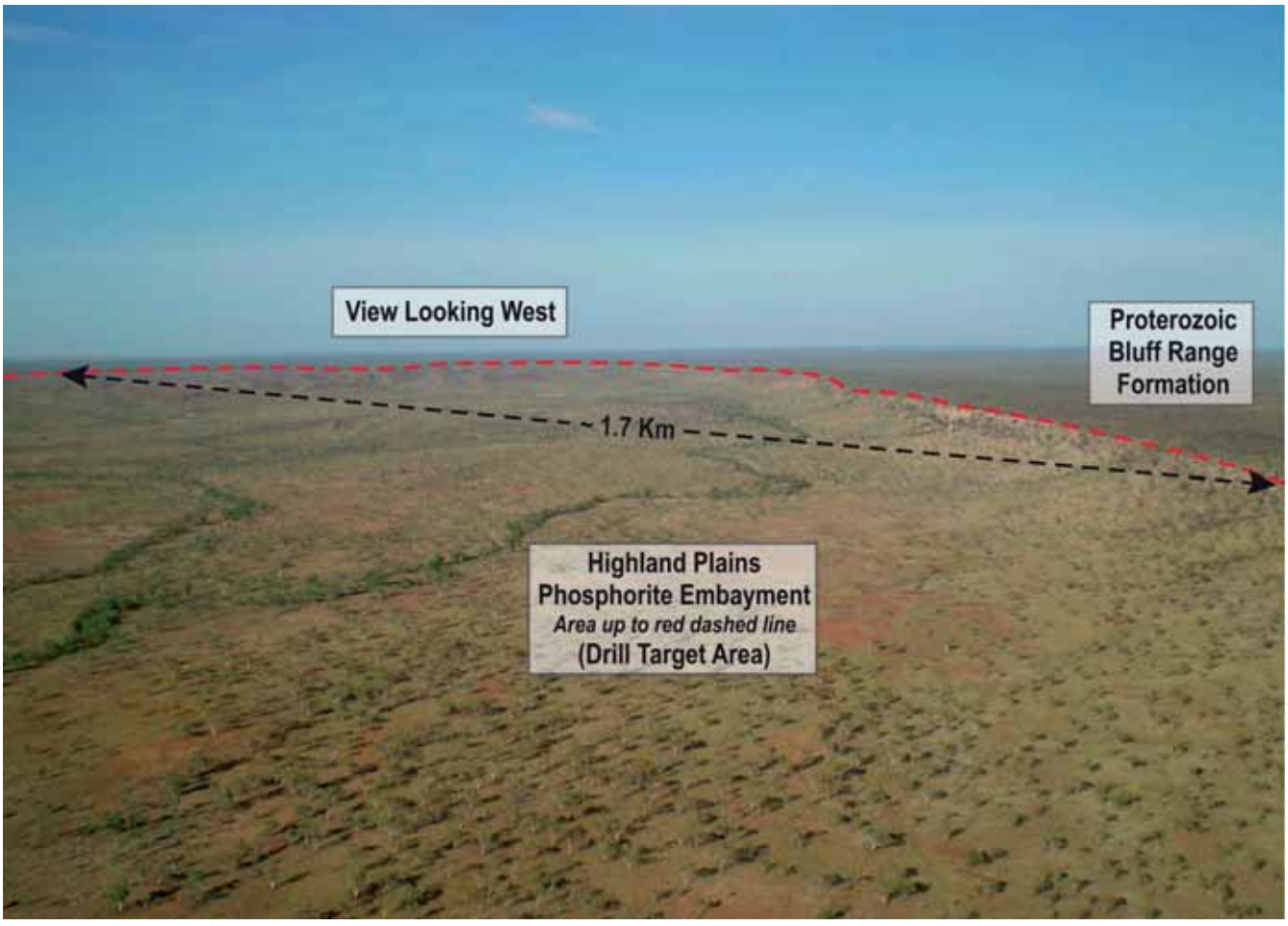


PHOTO 2: AERIAL VIEW OF HIGHLAND PLAINS PHOSPHORITE EMBAYMENT

1.3.3 ALEXANDRIA-ALROY-BUCHANAN DAM GEOLOGY

The principal mapped units of the early Middle Cambrian sediments in the Alexandria Region are the Wonarah Beds, Burton Beds and Anthony Lagoon Beds. The lithologies of these sediments are similar and consist mainly of siltstone, sandstone, chert, limestone and dolomite. IMC reported that sequences of Middle Cambrian siltstone/sandstone deposition in close proximity to mapped Precambrian basement highs almost invariably overlie Peaker Piker volcanics of Lower Middle Cambrian age (northern Alexandria) or Precambrian Mittiebah Sandstone/ Mullera Formation (most of Alexandria).

In ICI's 1976 Alroy report it is commented that no Pre-Cainozoic outcrops occur in the E.L. which is totally covered by pedo-calcic black/grey soils, with alluvium in the seasonal swamps associated with the Playford and Buchanan Rivers. The under lying rocks were siltstones, shales, cherts, limestone and dolomite, probably the Lower Middle Cambrian Burton Beds, considered to be the stratigraphic equivalent of the Wonarah Beds to the South and the Beetle Creek Formation in Queensland both of which are phosphatic in parts. No information is available about rocks below the Middle Cambrian.

On ICI's Alexandria Project geological mapping and drill hole logging identified the sequences as follows:

Cainozoic		Czs	Sand
		Czb	Black soil
Palaeozoic	Middle Cambrian		Emb Burton Beds (phosphatic)
		Emp	Peaker Piker Volcanics
		Unconformity	
Proterozoic	Upper	Pu	Mittebeh Sandstone
	Lower	P1	Undifferentiated

1.4 EXPLORATION POTENTIAL – PHOSPHATE PROJECTS

Australia's largest phosphate deposits are the shallow marine sediments of the Lower to Middle Cambrian Georgina Basin sequence in north-west Queensland and Northern Territory. These sedimentary phosphorite deposits occur where the phosphorus has been chemically and biologically precipitated as apatite group minerals, as have been identified in the project area.

Following collation of the geotechnical data into digital format a renewed exploration effort is warranted with a starting point being a detailed study of the phosphorite deposits structural interpretation which would also include identifying possible embayments and structural palaeo-highs.

1.5 EXPLORATION STRATEGY AND BUDGET – PHOSPHATE PROJECTS

There are three main exploration strategies to be pursued for phosphate mineralisation. From a planning perspective, these activities are currently ready to begin immediately.

1. Highland Plains: Resource definition drilling on known phosphate area. The total area of the Phosphate Australia Highland Plains embayment as a target for drilling is 6.5km^2. Initial drilling could begin on an area of approximate ly 1km^2 that is a shallow drill target area, historic drilling in this area intersected phosphate mineralisation which commenced from 0 to 3 metres in depth (Figure 3).

   Follow up reconnaissance drilling, of further highly prospective embayments along strike from Highland Plains to the west is also recommended.
2. Alexandria, Alroy and Buchanan Dam: Further exploration drilling to examine the known phosphate mineralisation.
3. Georgina Basin Regional Phosphate Exploration: Follow up of radiometric anomalies in the Georgina Basin (Figure 6) to identify new deposits of phosphate. This could initially be done by soil sampling then followed up by reconnaissance drilling.

Phosphate Australia has prepared a two year exploration program and budget for the Georgina Basin Project, consistent with established potential of the area.

The exploration program for Year 2 will depend upon the results of the Year 1 program and may be revised or varied in accordance with those results.

TABLE 3. PROPOSED EXPLORATION BUDGET - GEORGINA BASIN PROJECT

ITEM	YEAR 1 ($)	YEAR 2 ($)
Granted Tenements		
Database Establishment and data compilation	10,000	5,000
Air core Drilling	200,000	400,000
Reverse Circulation Drilling (resource definition)	1,200,000	1,400,000
Diamond Drilling (metallurgical)	200,000	200,000
Geological Salaries and Consultancy	210,000	410,000
Assay and Laboratory Testing	220,000	310,000
Administration and Field Logistics	190,000	480,000
Sub Total	2,230,000	3,205,000
Currently Ungranted Tenements		
Database Establishment and data compilation	5,000	0
Air core Drilling	0	100,000
Reverse Circulation Drilling (resource definition)	0	150,000
Diamond Drilling (metallurgical)	0	0
Geological Salaries and Consultancy	50,000	120,000
Assay and Laboratory Testing	20,000	50,000
Administration and Field Logistics	30,000	40,000
Sub Total	105,000	460,000
Grand Total Phosphate Project	2,335,000	3,665,000

Proposed exploration expenditure on the Georgina Basin Project is estimated to be $6,000,000 over a two year period and is considered adequate to cover the cost of the proposed programs.

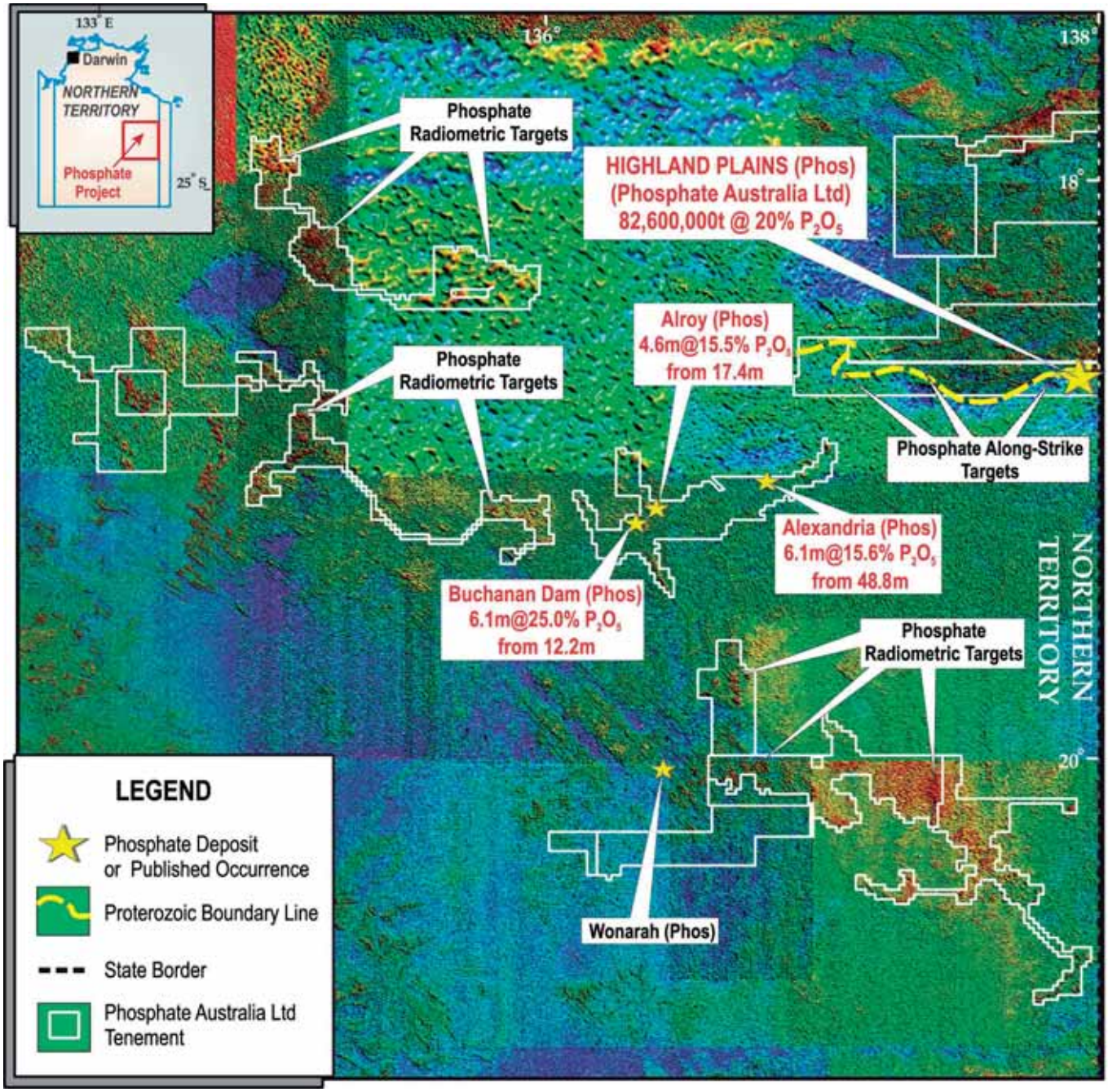


FIGURE 6: REGIONAL PHOSPHATE RADIOMETRIC TARGETS

2. IRON AND URANIUM PROJECTS – SOUTH NICHOLSON BASIN

2.1 INTRODUCTION

Phosphate Australia's Iron and Uranium Projects consist of a 100% interest in 7 exploration licences and exploration licence applications covering a total area of approximately 7,954 km^2 as listed below (Figures 7&9).

The Iron and Uranium Projects area in the South Nicholson Basin, begins approximately 130km north of the Barkly Highway with its eastern margin being the Queensland border. Springvale Homestead is the only permanent habitation within the Northern Territory area, while the abandoned Highland Plains Homestead lies a few hundred metres beyond the eastern margin.

Access within the area is poor and the only roads are in the southern part where graded roads link Gallipoli Homestead to Highland Plains Homestead and Mitchiebo Waterhole to the Alexandria-Gallipoli road. An ungraded road runs between Gallipoli Homestead and Springvale Homestead. Helicopters are available from Mount Isa if required.

The overall project area is about 360 km from the port of Karumba on the Gulf of Carpentaria in Queensland. Century Mine's zinc concentrate is transported to Karumba via a slurry pipeline and is then exported from this port.

TABLE 4: IRON/URANIUM TENEMENTS

PERMIT	AREA KM^2	APPLIC'N DATE	GRANT DATE	COMMENTS
EL25068	1,574	24-Nov-05	08-Aug-06	100% PA
EL26604	41	30-Jan-08	Application	100% PA
EL26645	1,335	05-Feb-08	Application	100% PA
EL26646	293	05-Feb-08	Application	100% PA
EL26648	1,606	06-Feb-08	Application	100% PA
EL26649	1,489	06-Feb-08	Application	100% PA
EL26650	1,616	06-Feb-08	Application	100% PA
Totals	7,954			

NB: PA – Phosphate Australia Limited
EL 25068 & 26604 are for Phosphate and iron/uranium exploration

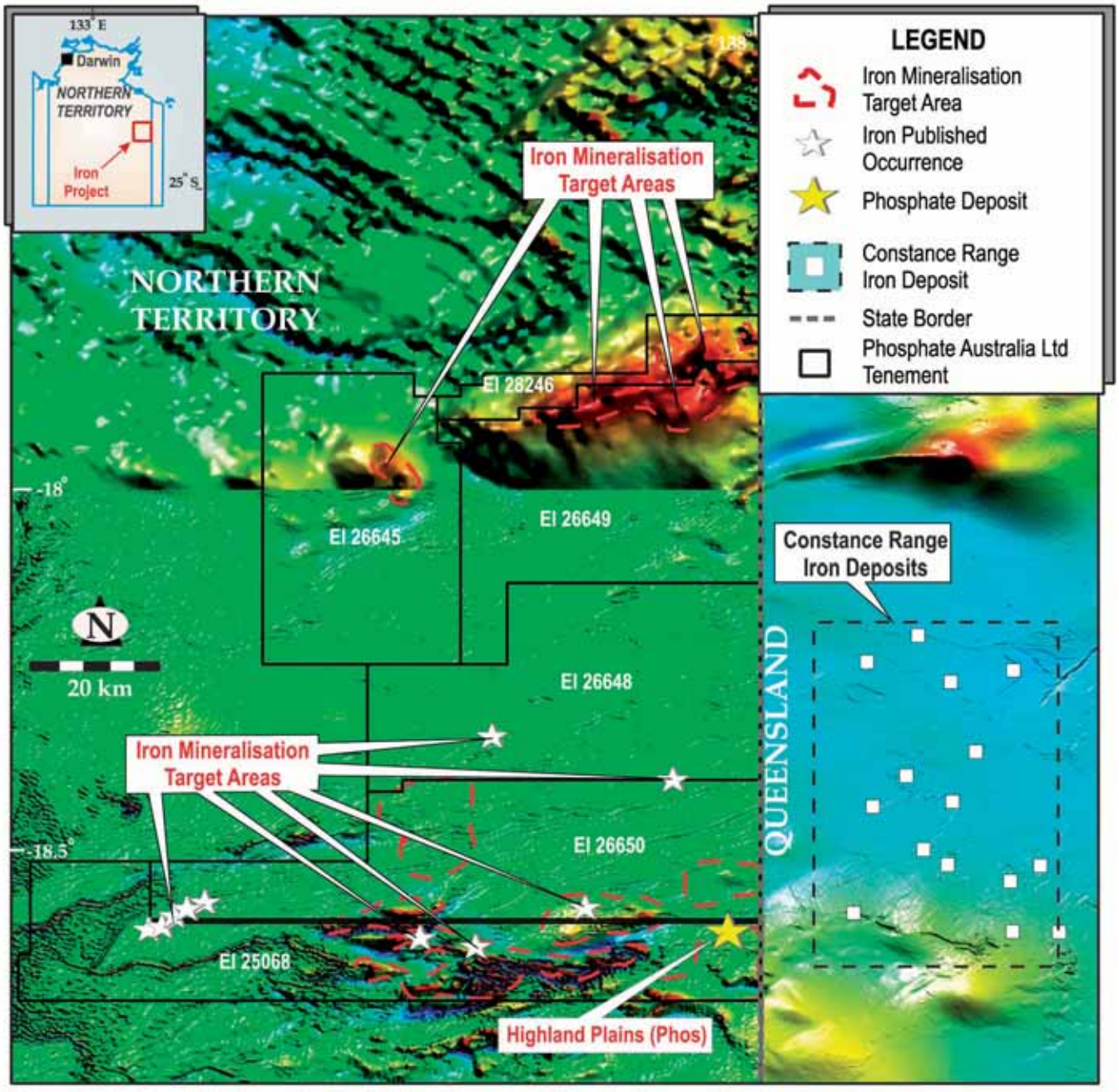


FIGURE 7: IRON MINERALISATION TARGETS WITH AEROMAGNETIC IMAGE

2.2 PREVIOUS EXPLORATION

Until the region was systematically mapped in 1958 by the Bureau of Mineral Resources ("BMR") little was known of its geology as previously only small areas had been mapped or visited by government geologists. The "BMR" mapping identified analogous iron hosting units extending across the current Nicholson project area within the South Nicholson Basin which was recognised as adjoining the Constance Range iron ore province of northwest Queensland with the same geology being common across both areas (Figure 7). Iron ore exploration was conducted in the Constance Range area in the early 1960's by BHP resulting in substantial historical iron ore mineralisation being defined (Harms 1965).

From the available public records it appears that in the mid 1960s iron ore exploration companies switched their attention from the Constance Range in Queensland to the much larger Hamersley Ranges iron ore province in the Pilbara Region of Western Australia. As a result, the South Nicholson Basin in the NT was not subjected to any systematic modern exploration for iron ore despite its prospectivity.

More recent geological mapping by the NTGS has identified extensive outcrop and sub-crop of iron-bearing formations within the South Nicholson Group and confirmed that one of these formations is equivalent to the host unit for the Constance Range iron ore deposits in Queensland.

Recorded exploration in and around the current project area was directed at base metals, phosphates, diamonds and uranium with most of the metals exploration in the Carrara Range. In general, previous exploration was lacking in useful geological mapping, magnetic surveys, radiometric surveys, systematic geochemical sampling and drilling.

Metals exploration commenced in 1958 when Mount Isa Mines ("MIM") employed two prospectors over a six week period to investigate the volcanics near Mt. Drummond. There is no record of any following up by MIM.

In 1966, Anaconda Australia Inc ("Anaconda") undertook a helicopter survey of the Adelaidian Mullera Formation to search for phosphate deposits. Results were not considered sufficiently encouraging to warrant ground follow up.

Between 1967 and 1969, Australian Geophysical Pty Ltd undertook geological and surface geochemical reconnaissance for base metals. They identified a small "gossan", associated with a northeast shear in the Murphy Metamorphics (south side of the Carrara Range) that contained anomalous Cu-Ni-Co values. The only recorded follow up was an induced polarisation survey over the immediate gossan area that failed to determine an anomalous source, and exploration was stopped. The analytical suite did not include uranium.

In 1972, CRA Exploration Pty Ltd's ("CRAE") exploration included stream sediment and geological reconnaissance focused on the volcanic rocks, together with an airborne radiometric survey on 500 m and 1000 m spaced lines. Some contour flying of volcanic-sandstone contacts and ground scintillometer checks were also undertaken. High background base metal geochemistry was reported over the volcanic rocks but no significant uranium geochemistry. Three times background radiometric levels were recorded over the upper part of the volcanic suite, and only background values over the Murphy Metamorphics.

From 1979 to 1980, Afmeco Pty Ltd ("Afmeco") completed aerial magnetic and radiometric surveys of the Carrara Range the results of which identified magnetic and radiometric anomalies which were followed up by ground programs including geological and geochemical surveys as well as ten shallow drill holes almost entirely in the oxide zone over selected anomalies. The radiometric surveys recorded high uranium and potassium counts coincident with acid volcanics but follow up sampling results indicated a relatively low uranium level (maximum 7ppm U).

Uranium anomalies up to three times background, with, in some instances, high U/Th ratios, were found to be associated with ferruginous bodies in the Murphy Metamorphics. Sampling revealed anomalous uranium, copper, and lead values up to maximum of 140 ppm U, 1150 ppm Cu and 385 ppm Pb.

After 1980 there are no further public reports or any indication that Afmeco was going to cease exploration. While it may be unconnected, it is worth noting that with the advent of Australia's 1983 "Three Mine Policy" for uranium mining, uranium exploration throughout Australia was brought to a halt.

In 1983, Anaconda undertook a base metal exploration in the Carrara Range area identifying a number of geochemical anomalies. No subsurface follow up ensued as Anaconda basically decided that most of the anomalies were due to lateritic enrichment.

From 1983 to 1986 Stockdale Prospecting Limited conducted regional diamond exploration based on the 1:250,000 geological sheets including the Mt Drummond sheet which contains the current tenements. Indicator minerals and minor micro-diamonds were discovered but Stockdale reported that it was unable to determine a source.

Similarly, from 1983 to 1988, the Aberfoyle Exploration Pty Ltd/Ashton Mining joint venture explored for diamonds around Michiebo Homestead without success. They too recorded the presence of indicator minerals and micro-diamonds.

In 1993, CRAE (later Rio Tinto Exploration Pty Ltd) returned to the area and explored base metals and diamonds until 1995. Activities included surface geochemical sampling and rotary air blast ("RAB") and reverse circulation ("RC") drilling. Upon completion of the 1985 program CRAE concluded that the area was not prospective for diamond bearing kimberlitic diatremes and base metal anomalism was mainly associated with unconformities, particularly the base of the Cambrian and Mesozoic units.

In 2000, Rio Tinto Exploration Pty Ltd ("Rio") specifically targeted the potential for large stratiform Pb-Zn deposit in the Monsoon area on the Lawn Hill Platform. Following the results from RAB drilling and ground geophysical surveys, Rio determined that there was no large stratiform Pb-Zn deposit in the area.

2.3 PROJECT GEOLOGY

The Nicholson Iron Project area is located centrally in the Palaeoproterozoic North Australian Craton and is largely contained within the Mt Drummond 1:250,000 geological sheet which is under review by the Northern Territory Geological Survey ("NTGS"). On a broad scale, within the area, are units of the Murphy Inlier, Lawn Hill Platform, Mt Isa Inlier, and the overlying rocks of the South Nicholson Basin.

The Lower Proterozoic units from oldest to youngest are: are the Murphy Metamorphics deformed during the Barramundi Orogeny (c1870 Ma), the Connelly Volcanics and the Carrara Range Group (quartzose sandstones and flood basalts overlain unconformably by rhyolitic volcanics and associated epiclastic units).

The Carrara Range Group, an inlier of Lower Proterozoic end early Middle Proterozoic rocks, is overlain unconformably by the Surprise Creek Formation which is in turn overlain unconformably by the mostly siliclastic and carbonate successions of the MacNamara Group. The MacNamara Group is overlain unconformably by the foreland basin deposits of the Upper Proterozoic South Nicholson Group containing the Mullera Formation and the overlying Mittiebah Sandstone. During the deposition of the last two units, the Springvale Sub-Basin developed within the South Nicholson Basin, on the east side of a north-trending ridge of Lower Proterozoic rocks.

The Carrara Range Inlier is separated from the Georgina Basin to the south by the east-northeast trending Little Range Fault. The trace of this fault is exposed in the extreme eastern and central parts of the project area. Basal volcanics of the Cambrian Georgina Basin overlie the Proterozoic units and correlate with other craton scale flood basalts of northern Australia.

Early geological mapping by the BMR recognised that the South Nicholson Group hosted several ironstone units (Mullera Formation) that correlated with the lithologies (Train Range Ironstone Member) hosting the Constance Range deposits in the adjoining Lawn Hill sheet area to the east (QLD). Several ironstone beds up to 20m thick were identified near the base of the Formation. The ironstones are interbedded with shale and quartz sandstone, which were deposited in an agitated, shallow marine depositional environment.

The iron mineralization and enrichment process was believed to have involved the early synsedimentary oolitic iron being further concentrated by remobilisation by basinal fluid movement along faults and/or subsequent Cainozoic lateritization. These oolitic ironstones contain hematite and goethite, and grade westward into ferruginous sandstone. The Constance Range Deposits and the South Nicholson occurrences in this report have been classified as Clinton type oolitic ironstones (Ferenczi).

Recent mapping by the NTGS has confirmed that some of the iron occurrences originally identified as being within the Mullera Formation are in a stratigraphically lower unit, the newly recognized Crow Formation, unconformably underlying the Constance Sandstone, which is itself conformably below the Mullera Formation.

The ironstone beds are also currently regarded as the stratigraphic equivalent of the Sherwin Formation in the Roper River iron field where oolitic ironstone occurrences have been recorded.

All Proterozoic and Palaeoproterozoic units show deformation with the general structure being north-dipping and transected by major strike slip and reverse east northeast trending faults (e.g. Little Range Fault) and east-west trending domal folds. Minor faulting is also widespread in a number of directions.

Unconformably overlying the Proterozoic are small outliers of Cretaceous shallow marine and terrestrial sedimentary rock, siltstones and sandstones commonly with basal conglomerates. These units are part of the marginal onlap zone of the Mesozoic Carpentaria Basin.

A thin veneer of Cainozoic sand, alluvium, assorted soils and colluvium, and ferricrete covers large parts of the area.

2.4 EXPLORATION POTENTIAL

2.4.1 EXPLORATION POTENTIAL - IRON

Apart from the phase of regional diamond exploration and a brief survey for phosphates, the bulk of previous exploration was focused on base metals in and around the Lower Proterozoic Carrara Range Group where drilling programs for base metals and diamonds within the current tenements focused on specific local prospects.

Additionally, the drilling programs appear to have been based on an assumption of simple planar uniform mineralisation without allowing for structural complexity in a number of locations. While no base metal prospects or deposits have been discovered in the region, the world-class Century Zn-Pb-Ag deposit, 60km to the east in Queensland, lies within rocks of the upper McNamara Group, which are present within the project area.

The South Nicholson Basin has been rarely referred to in previous reports and definitely not in the context of its iron ore potential, despite its prospectivity. Therefore the project area is under explored and presents a considerable potential to convert known iron occurrences into commercial tonnages and grades. From recent mapping and site visits Phosphate Australia has defined target areas as shown on Figure 7.

Since the Constance Range iron ore project was mothballed in the early 1960's, the iron ore industry economics have changed considerably. The massive stratiform oolitic ironstones for which the South Nicholson Basin is both prospective, and has known occurrences, make it an excellent iron ore exploration target (Figure 8).

Clinton type deposits are known in the Roper River iron field (investigated between 1956 and 1961) where a substantial mineralisation at grades of 50% Fe was indicated in the Hodgson Downs area. Enhancement of these grades is possible through supergene or hypogene effects.

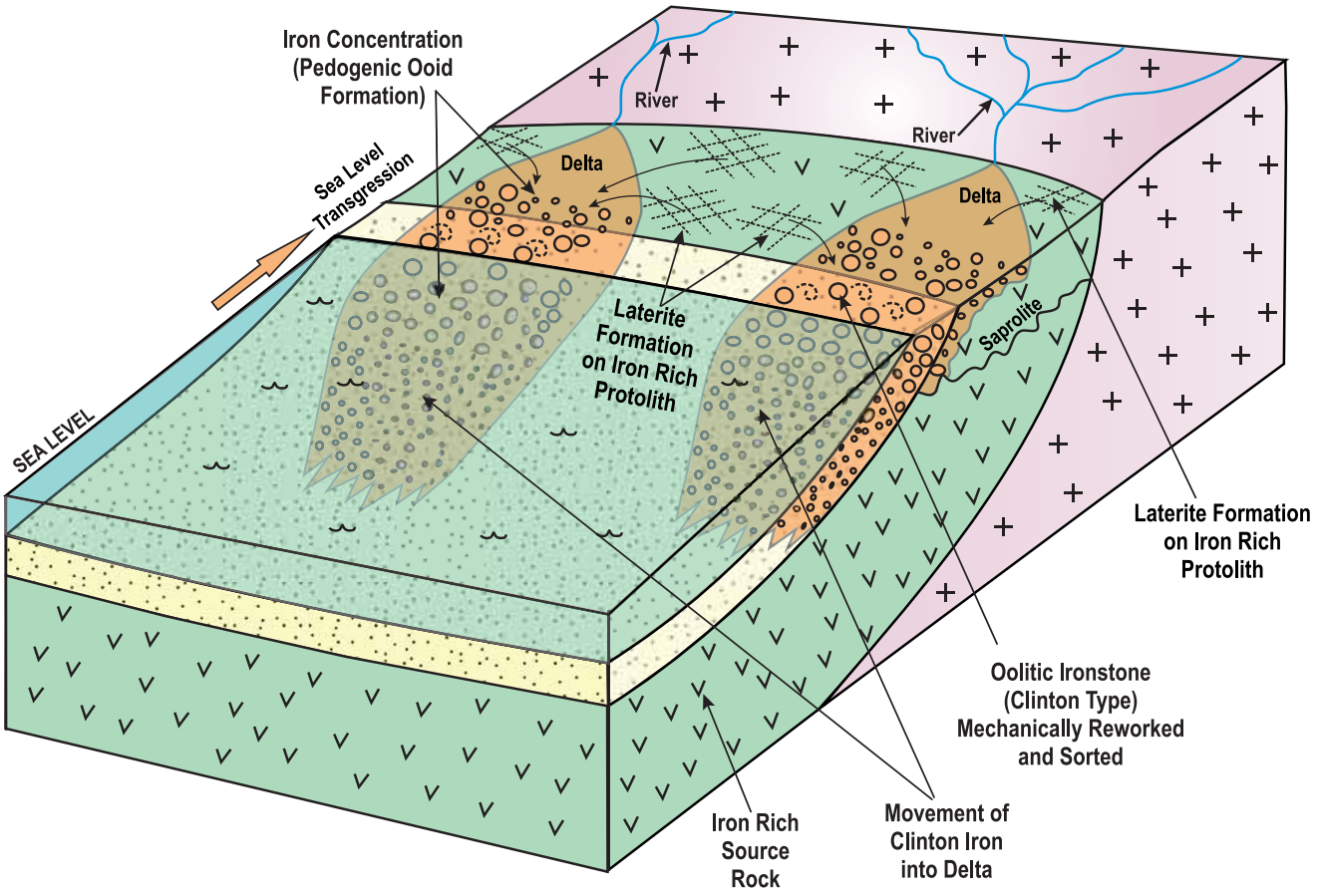


FIGURE 8: CLINTON TYPE OOLITIC IRON CONCEPTUAL MODEL FOR NICHOLSON IRON PROJECT

2.4.2 EXPLORATION POTENTIAL - URANIUM

The uranium exploration project area is defined in Figure 9. Historical uranium exploration in this area was cursory at best in a time of low uranium prices, and the area was not subjected to systematic exploration.

Three important factors are required for the formation of uranium deposits, source, transport and deposition. The Nicholson uranium project area has the potential to fulfil these three criteria.

- Source:

  The Murphy Inlier is a large uranium bearing granite that lies at the northern end of the project area (Figure 9); this is a suitable source for uranium bearing fluids. Further sources could also exist under the South Nicholson Basin (including extensions to the Murphy Granite), that could provide primary uranium for mineral bearing fluids.
- Transport:

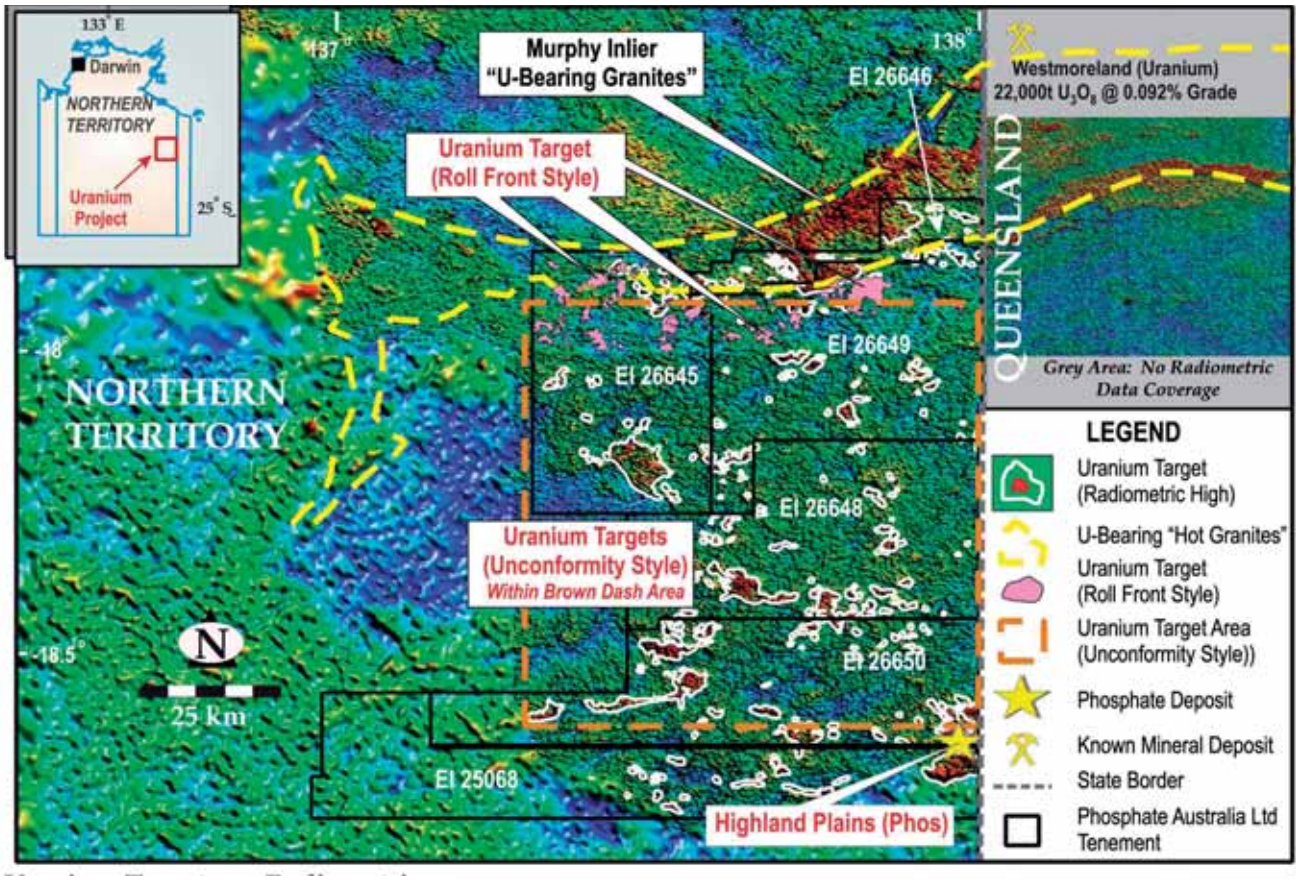
  A suitable mechanism for uranium transportation, e.g. hypogene fluids within shear zones/fractures or dispersion within groundwater/subsurface runoff.
- Deposition:

  The Nicholson uranium project area has geology that could host a number of possible uranium deposition styles as follows:

  1. Roll Front Uranium the Cretaceous Mullaman Beds (Figure 9) could have suitable sand and clay combinations with reducing/oxidising fronts to allow roll front uranium deposits to develop. The close proximity of this geological unit to the Murphy Inlier just to the north adds to prospectivity.

  2. Unconformity Style Uranium (eg Jabiluka and Ranger mine): The early to mid Proterozoic rocks that outcrop in the South Nicholson Basin region are suitable hosts for this style of uranium deposit. The uranium channel radiometric anomalies (Figure 6) are good starting points for ground follow up.

Further adding to prospectivity is the Westmorland Uranium Deposit to the north east of the Project area (Figure 9); this substantial deposit has been reported as containing 22,000 tonnes of U3O8 at a grade of 0.092%. This deposit is not an asset of Phosphate Australia, its location is shown on Figure 1.



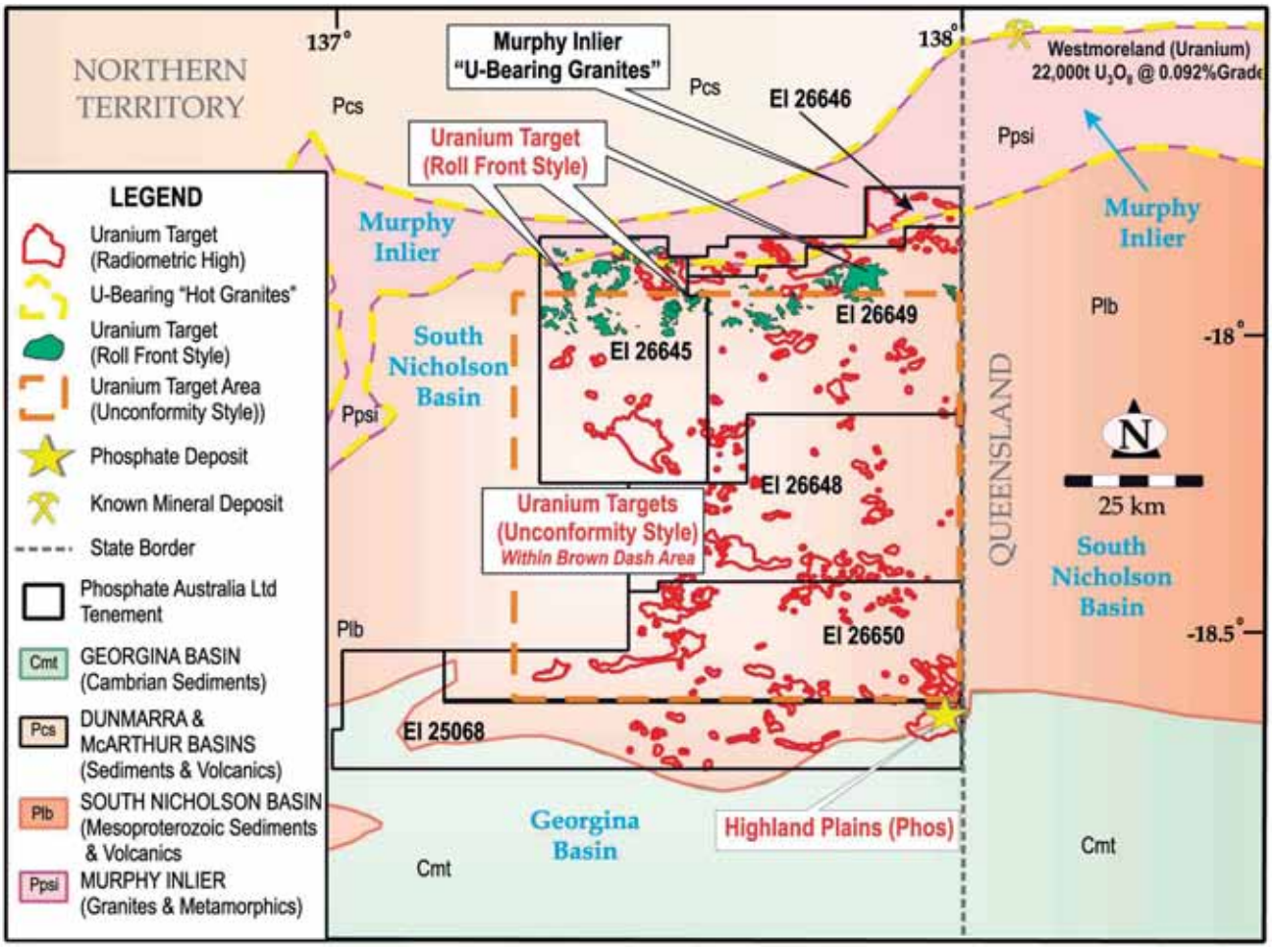


FIGURE 9: URANIUM TARGET AREA WITH RADIOMETRICS (TOP) AND GEOLOGY (BOTTOM)

2.4.3 EXPLORATION POTENTIAL - BASE METALS

Finally, more attention should be given to the larger regional faults, such as the Little Range Fault and the Wild Cow Fault as major faults in Proterozoic aged sedimentary basins have been found to be associated with significant base metal and uranium deposits throughout the world.

2.5 EXPLORATION STRATEGY AND BUDGET – IRON AND URANIUM PROJECTS

The following work is recommended on the Nicholson Iron and uranium Projects:

2.5.1 EXPLORATION STRATEGY AND BUDGET - IRON EXPLORATION

Initially, the project will require systematic field mapping and geochemical sampling of the magnetic anomalies (Figure 7), areas surrounding these anomalies, historical occurrences and Landsat anomalies. This will assist in identifying and delineating the areas of outcropping mineralisation and potentially discover any areas of outcropping high grade iron.

Follow-up work would include drilling on existing and newly generated targets.

2.5.2 EXPLORATION STRATEGY AND BUDGET - URANIUM EXPLORATION

The first exploration phase would be the systematic field mapping and geochemical sampling of the uranium radiometric anomalies (Figure 9) and associated structures.

A hand held scintillometer should be used whilst mapping to assist with identifying any areas of outcropping uranium mineralisation or account for the radiometric anomalies. The results from mapping and sampling programs would provide orientation data for follow up geophysics surveys.

Follow-up work would include drilling on existing and newly generated targets.

2.5.3 EXPLORATION STRATEGY AND BUDGET - GENERAL EXPLORATION

Most of the relevant exploration data from the 1960s through to the present, including the detailed mapping, will be captured into digital format. Field visits will validate the key data and ensure that all plans are correctly captured in GDA 94 datum.

Acquisition of remote sensing Aster and Landsat TM imagery will assist with the direct identification of anomalies as well as assisting with structural interpretation. Further aeromagnetic and radiometric survey data will also be acquired, and additional detailed airborne surveys will be undertaken as required.

Phosphate Australia has prepared a two year exploration program and budget for the iron and uranium projects, consistent with the established potential of the project area.

The exploration program for Year 2 will depend upon the results of the Year 1 program. Exploration emphasis may be revised or varied in accordance with ongoing results.

TABLE 5: PROPOSED EXPLORATION BUDGET – IRON AND URANIUM PROJECTS

ITEM	YEAR 1 ($)	YEAR 2 ($)
Granted Tenements		
Database Establishment and data compilation	10,000	5,000
Airborne Magnetic and Radiometric Surveys	70,000	70,000
Aircore Drilling (Scout)	60,000	100,000
Reverse Circulation Drilling	125,000	200,000
Geological Salaries and Consultancy	100,000	150,000
Assay and Labwork	25,000	30,000
Administration and Field Logistics	40,000	40,000
Sub Total	430,000	595,000
Currently Ungranted Tenements		
Database Establishment and data compilation	10,000	5,000
Aircore Drilling (Scout)	20,000	100,000
Reverse Circulation Drilling	0	150,000
Geological Salaries and Consultancy	20,000	70,000
Assay and Labwork	10,000	30,000
Administration and Field Logistics	30,000	30,000
Sub Total	90,000	385,000
Grand Total Iron Ore/Uranium Project	520,000	980,000

Proposed exploration expenditure on the iron and uranium projects is estimated to be $1,500,000 over a two year period and is considered adequate to cover the cost of the proposed programs.

[1] Highland Plains Historical Estimate – Pre JORC CODE

1. *The historical estimate is not reported in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration the resource will ever be able to be reported in accordance with the JORC Code.*
2. *The historical estimate information is sourced from the following report. Northern Territory Joint Venture; Phase II Final Report on Operations in the Carrara Range Area (Area No7) Mt Drummond. A to P No 1733. Author: Australian Geophysical Pty Limited (AG), Kenneth McMahon & Partners. 17th January 1969; available from the Northern Territory Geological Survey.*
3. *The historical estimate is relevant because the Highland Plains Project is the lead Project of the proposed float and it is intended to further drill this prospect to attain a JORC Code compliant resource.*
4. *The historical estimate should be considered as indicative only. The following points from Table 1 of the JORC code are relevant to understanding the reliability of the estimate:*
   - A. *Drilling techniques: percussion drilling, bit diameter 4.25inches.*
   - B. *Drill sample recovery: recoveries have only been noted on drill logs where "No Recovery" was made.*
   - C. *Logging: qualitative logging of drill chips was carried out.*
   - D. *Sub-sampling techniques and Sample Preparation: The drilling material was sampled every five feet, split and sieved into 80 mesh fractions. Further detail is not recorded.*
   - E. *Assay for P_2O_5 was carried out by Sampey Exploration Services of Perth. Intersections which assayed high in P_2O_5 were re-assayed by Australian Mineral Development Laboratories of Adelaide for P_2O_5 and also for Fe_2O_3, SiO_2, CO_2 and Al_2O_3. The two sets of P_2O_5 results were described as "generally identical to within a few percent". Quality control checks of these labs have not been reported.*
   - F. *Location of data points: The prospect was mapped at 1:4800 scale using a surveyed grid for control. Grid lines were put in every 200 feet using a prismatic compass, abney level and chain. The quality of these surveys was sufficient for the original purpose.*
   - G. *Drill hole spacing: Drill holes were spaced approximately 350 to 600metres apart which for the type of deposit could be sufficient for an inferred resource. Sample compositing has not been applied.*
   - H. *Orientation of data in relation to geological structure: The vertical drilling was appropriate for targeting a shallow tabular mineralised body*
   - I. *Database integrity: The data is lifted directly from the AG report which is presumed to be correct. Reporting in feet has been changed to metres.*
   - J. *Geological interpretation: taken from the AG report and data.*
   - K. *Dimensions: Taken from the AG Report which is block modelled on the drilling results.*
   - L. *Estimation and modelling techniques: The estimation and modelling techniques used to estimate the historical resource figure have merit. However, they should not be considered as enabling a JORC Code compliant resource figure.*
   - M. *Cut-off parameters: only drill intersections grading 16% P_2O_5 or greater were considered. No top cut was used.*
   - N. *Metallurgical factor: These factors are not commented upon in the report.*
   - O. *Bulk Density: The specific gravity used in the calculations was determined from 38 selected phosphate samples obtained by drilling. No further details are reported.*
   - P. *Classification: the AG Report divides the Mineral Resources into "total indicated and Inferred Reserves". For simplicity this figure is referred to in this report as the 'historical estimate'.*
5. *The historical estimate can be considered material as enough work of sufficient quality, has been undertaken to give a reasonable degree of confidence that a substantial mineralised body of Phosphorite exists in the area. The historical estimate gives a reasonable indication upon which future phosphorite drilling can be executed. The proposed exploration and evaluation program and its funding is outlined in this report.*
6. *The historical estimate does use the term "Indicated and inferred Reserves" which is not in the JORC Code. These older terms are more equivalent to the modern terms "Indicated and inferred Resources".*
7. *There is no recent data or estimates since the original AG Report.*
8. *The Company intends to evaluate Highland Plains to determine a JORC compliant resource as soon as is practicable under the terms set out in the Company's prospectus.*
9. *This report is consistent with the Companies Update no 05/04 25 March 2004.*
10. *The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian McCrow, who is a Member of The Australasian Institute of Geologists. Mr McCrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McCrow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

3.0 LIST OF TECHNICAL ABBREVIATIONS

Ag	Silver
As	Arsenic
Cd	Cadmium
Co	Cobalt
Cps	Counts per second
Cu	Copper
EL	Exploration licence
km	Kilometres
km^2	Square kilometres
m	Metres
Mg	Magnesium
Mn	Manganese
Mt	Million tonnes
Pb	Lead
ppm	Parts per million
U	Uranium
Zn	Zinc

4.0 GLOSSARY OF TECHNICAL TERMS

AEROMAGNETICS	Geophysical technique whereby the characteristics of the Earth's magnetic field are recorded by airborne equipment sensitive to magnetics.
ALTERATION	Any change in the mineralogical composition of a rock brought about by physical or chemical means, especially by hydrothermal solutions.
APATITE	A mineral consisting dominantly of calcium phosphate.
ANOMALOUS	Deviating from the normal, usually referring to significant or unusual data.
ARCHAEAN	A period of geologic time extending from about 3.9 billion years to 2.5 billion years ago. The oldest rocks of the Earth's crust.
ARENITE	Consolidated sedimentary rock consisting of sand sized particles.
ARGILLITE	Consolidated sedimentary rock of silt sized particles.
BASALT	A fine-grained volcanic rock composed chiefly of feldspar and mafics
BASE METAL	Non-precious metal – usually refers to zinc, copper, lead, nickel.
CAMBRIAN	First period of the Palaeozoic Era extending from 545Ma to 490Ma.
CENOZOIC	A span of time between 65 million years ago and the present. Also Cainozoic.
COLLOPHANE	Any of the massive cryptocrystalline forms of apatite that constitute the bulk of phosphate rock.
CHERT	A compact dense rock composed of very fine grained silica. Jasper is a variety with iron oxides.
CRATON	The stable portions of the continents that have largely escaped orogenic activity for the last 2 billion years, consisting predominantly of granite and metamorphic rocks.
CRETACEOUS	A span of time between 135 and 65 million years ago.
DIAMOND	(drilling) Method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
DOLOMITE	A sedimentary rock consisting of more than 50% dolomite –$CaMg(CO_3)_2$.
ELEMENT	A fundamental substance that cannot be further refined or subdivided by chemical means.
EPICLASTICS	Mechanically deposited sediments.
EPICONTINENTAL	Situated on the continental shelf or on the continental interior such as an inland sea.

FAULT	A planar or gently curved fracture across which there has been relative displacement.
FLUVIAL	Of or pertaining to rivers.
FOLD	A planar feature, such as bedding, that has been strongly warped, presumably by deformation.
FORMATION	The basic unit for the naming of rocks in stratigraphy; a set of rocks that are or once were horizontally continuous, sharing some distinctive feature and are large enough to be mapped.
GEOCHEMICAL	(exploration) Exploration for commodities by the detection of trace amounts of elements dispersed by the chemical and physical weathering of rocks.
GEOLOGY	The science that deals with the study of the planet Earth, its materials, the processes that act to change these materials, and the history recorded by these materials and the forces acting to deform the outer layers of the Earth; Structural geology - The branch of geology that deals with the description, representation, and analysis of structures, chiefly on a moderate to small scale.
GEOPHYSICS	The measurement of physical geological properties in the search for minerals, water supplies or engineering information.
GRANITE	Light coloured, coarse grained, intrusive igneous rock characterized by the minerals orthoclase and quartz with lesser amounts of plagioclase feldspar and iron-magnesium minerals. Underlies large sections of the continents.
INTERSECTION	Drilling term referring to the length of mineralisation or material of interest intersected in a drill-hole.
INTRUSION	An igneous rock body that has forced its way in a molten state into surrounding country rock; intrusive: Igneous rock that is formed by the emplacement of magma in pre-existing rock, as interpreted from its crosscutting contacts, chilled margins or other field relations.
LACUSTRINE	Pertaining to, produced by lakes.
LANDSAT	Remote imaging system provided by satellite coverage.
LITHOLOGY	The systematic description of rocks, in terms of mineral composition and texture.
MAGNETIC	(anomaly) - Amount by which a measurement of the local magnetic field intensity exceeds or falls below the intensity of the global magnetic field. Commonly formed of rocks more rigid than those of its surroundings.
MESOPROTEROZOIC	Middle Proterozoic
MINERAL	A naturally-occurring element or compound with a precise chemical formula and a regular internal lattice structure. Organic products are usually not included.
MINERALISATION	Any natural concentration of a potentially valuable material in the Earth's crust, whether that material can be extracted profitably or not.
ORE	The naturally occurring material from which a mineral or minerals of economic value occur in high enough concentration to make mining economically feasible.
ORE MINERAL	The mineral of an ore which contains the economically important element(s).
ORE DEPOSIT	A well-defined mass of material of sufficient ore content to make extraction economically feasible.
OUTCROP	Naturally-exposed bedrock.
OXIDE	Pertaining to rock above a past or present water table altered by chemical or physical weathering.
PALAEOZOIC	An era of geological time (320million years) from the end of the Precambrian; 545 Ma to 225 Ma
PALAEOPROTEROZOIC	Early Proterozoic
PELITE	A sedimentary rock composed dominantly of clay.
PROJECT	An administrative entity covering tenements, agreements, budgets, etc., based on one or more prospects.
PROSPECT	An area of ground defined for exploration.
PROTEROZOIC	The geologic period between the Archaean and Phanerozoic periods, beginning about 2.5 billion years ago and ending about 0.6 billion years ago.
QUARTZ	Mineral with the formula SiO2. Usually it is clear, or translucent white, but it can be other colours due to impurities or radiation damage. It is not scratched by a knife and breaks irregularly.

QUARTZITE	A sandstone that is composed of grains of quartz that has been changed by metamorphism to form a harder silica-rich rock.
RADIOMETRIC DATING	Calculating an age in years for geological materials by measuring the presence of short-life radioactive elements.
REMOTE SENSING	The study of Earth surface conditions and materials from aircraft and satellites by means of photography, spectroscopy, radar or other sensing media.
RESOURCES	A "Mineral Resource" is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
RC DRILLING	Abbreviation for Reverse Circulation drilling, whereby sample material is returned to the surface through the inside of the drill rods by compressed air.
ROCK	A consolidated aggregate of one or more minerals in varying proportions.
SHEAR	Rock deformation involving movement past each other of adjacent parts of the rock and parallel to the plane separating them.
SILICA	Any material with the composition SiO_2. Often refers to a jelly-like substance with that composition which can act as a rock cement or solidify by itself as chert, flint, or jasper; a pure crystalline substance which makes up quartz and related forms such as flint and chalcedony. More generally, silica is the basic chemical constituent common to all silicate minerals and magmas (adj. silicified).
SILICATE	A mineral or rock with a predominant composition that includes silicon and oxygen.
SOIL	All unconsolidated materials above bedrock. Natural earthy materials on the Earth's surface, in places modified or even made by human activity, containing living matter, and supporting or capable of supporting plant life.
STRATIGRAPHY	The succession and age relation of layered rocks.
STRIKE	The angle between true North and the horizontal line contained in any planar feature (inclined bed, dyke, fault plane, etc.); also the geographic direction of this horizontal line.
STRUCTURES	The three-dimensional orientations and relative positions of the rock masses of an area, including the sum total of features resulting from such processes as faulting, folding, and igneous intrusion. The features generally are usually best seen on an outcrop rather than in hand sample.
SULPHIDE	Minerals containing a metal and sulphur.
SYNCLINE	A fold the core of which contains stratigraphically younger rocks.
TENEMENT	A legal title to land for the purposes of exploration and/or mining. A boundary indicating the limits of such title.
THEMATIC MAPPING	A remotely-sensed imaging method where particular wavelengths of reflected light may be selected and are utilized to highlight certain geological features of interest.
UNCONFORMITY	A break or gap in the geologic record, such as an interruption in the normal sequence of deposition, or the structural relationship between two groups of rocks that are not in normal succession; also their surface of contact.
VEIN	A narrow, relatively planar fissure, joint or fault along which minerals have been deposited or along which mineralizing solutions have permeated to alter and/or deposit minerals in the wall rock.
WEATHERING	The processes that decay and break up bedrock, by a combination of physical fracturing and/or chemical decomposition.

5.0 PRINCIPAL SOURCES OF INFORMATION

Selected references relating to Nicholson's project areas are included in this section. Because of the quantity of published and unpublished literature available on the geology, mineralisation and exploration progress pertinent to the regions, no attempt has been made to compile a comprehensive list. The references listed below are deemed the some of the more important for researching the project areas:

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Perrino F. A., 1970, Progress Report on Prospecting Authorities 1766, 1897, 2159-2161 and 2199 in the Alexandria Region, IMC Development Corporation (CR19700038).

9. INVESTIGATING ACCOUNTANT'S REPORT

23 May 2008

The Directors
Phosphate Australia Limited
Suite 4, 6 Richardson Street
WEST PERTH WA 6055

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

1 INTRODUCTION

The Directors of Phosphate Australia Limited ("the Company") have requested PKF Corporate Advisory Services (WA) Pty Ltd ("PKFCA") to prepare an Investigating Accountant's Report ("Report") for inclusion in a prospectus to be dated on or around 23 May 2008 ("Prospectus"), relating to the offer of 50,000,000 shares in the company at an issue price of $0.20 each, to raise $10,000,000 ("the Offer"). The Offer is not underwritten.

All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

2 BACKGROUND

Nicholson Resources Ltd ("NR") was incorporated on 10 January 2008 as a pre-IPO capital raising vehicle. NR was renamed Phosphate Australia Limited on 27 February 2008.

The Company has acquired three tenements from Director related entities Nicholson Iron Pty Ltd and Fermi Uranium Pty Ltd for a consideration of $14,063, representing the reimbursement of annual rental permits and application fees paid on these tenements. Upon the acquisition of these tenements, the company has commenced exploration and evaluation activities. Applications on a further sixteen tenements have been filed, the granting of which are anticipated subsequent to the balance sheet date.

It is the Company's intention to locate and exploit Phosphate rock and other minerals from these tenement sites. In addition, the Company has interest in tenements that are prospective for Uranium and Iron.

3 FINANCIAL INFORMATION

3.1 HISTORICAL BALANCE SHEET

The Historical Balance Sheet comprises the reviewed balance sheet and accompanying notes of the Company as at 5 May 2008 ("the Historical Balance Sheet").

3.2 PRO-FORMA BALANCE SHEET

The Pro-Forma Balance Sheet includes the reviewed Pro-Forma Balance Sheet and accompanying notes which assumes completion of the transactions detailed in Note 2 of the Financial Information included in the Prospectus ("the Pro-Forma Balance Sheet").

The Historical and Pro-Forma Balance Sheets, as disclosed in Appendix A to Section 9 of the Prospectus, are collectively referred to as the Financial Information throughout this Report.

The Directors of the Company are responsible for the preparation and presentation of the Financial Information which has been prepared and contained in Appendix A to Section 9 of the Prospectus. We disclaim any responsibility for any reliance on this Report or the Financial Information to which it relates for any purpose other than for which it was prepared.

4 SCOPE

We have been requested to prepare a Report considering the Financial Information, which is the responsibility of the Directors of the Company, contained in Appendix A to Section 9 of the Prospectus and described in section 3 above. The Financial Information has been prepared subject to the recognition and measurement requirements (but not the disclosure requirements) of Australian equivalents to International Financial Reporting Standards ("IFRS" or "Australian Accounting Standards"), as currently interpreted.

4.1 REVIEW OF HISTORICAL AND PRO-FORMA BALANCE SHEET

We have performed a review of the Historical and Pro-Forma Balance Sheet of the Company as at 5 May 2008 (collectively the Financial Information) as detailed in Appendix A to Section 9 of the Prospectus. The purpose of the Pro-Forma Balance Sheet is to demonstrate the financial effect of the Pro-Forma transactions disclosed in Note 2 of the Financial Information, assuming they had taken place on 5 May 2008.

We have performed our review in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical and Pro-Forma Balance Sheet is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, assuming the Pro-Forma transactions had taken place on 5 May 2008.

Our review was performed in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our review was limited to enquiries of the Company's directors, management and others, a review of the material documents, analytical procedures applied to the financial data, the performance of limited verification procedures and comparison for consistency in application of the Australian Accounting Standards.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and accordingly do not express an audit opinion on the Historical and Pro Forma Balance Sheets of the Company.

5 STATEMENTS

5.1 HISTORICAL BALANCE SHEET

Based on the scope of our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Balance Sheet as set out in Appendix A to Section 9 of the Prospectus is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

5.2 PRO-FORMA BALANCE SHEET

Based on the scope of our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro-Forma Balance Sheet as set out in Appendix A to Section 9 of the Prospectus, assuming the Pro-Forma transactions set out Note 2 to the Financial Information, had taken place on 5 May 2008, is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

6 SUBSEQUENT EVENTS

To the best of our knowledge and belief, and based on the work we have performed in relation to the scope of work set out in Section 4 of this Report, there have been no material transactions or events, other than those included in Appendix A to Section 9 of the Prospectus, which would require a comment on, or adjustment to, the financial information referred to in our Report or that would cause the financial information included in the Prospectus to be misleading.

7 DECLARATION

PKF Corporate Advisory Services (WA) Pty Ltd is responsible for this Report. The financial information presented in Appendix A to Section 9 of the Prospectus has been prepared by the Company and is the responsibility of the Directors of the Company. This Report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise to any other matter.

Other than the services provided by PKF to the Company as disclosed in Section 4 of this Report, PKF Corporate Advisory Services (WA) Pty Ltd does not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter. PKF Chartered Accountants have been appointed auditor of the Company however, no audit has yet been conducted.

Except for fees relating to this Report, which are based on normal commercial terms, PKF Corporate Advisory Services (WA) Pty Ltd does not have any interest in the Company nor in the outcome of the Offer.

PKF Corporate Advisory Services (WA) Pty Ltd has not made, and will not make, any recommendation through the issue of the Report to potential investors of the Company as to the merits of the investment.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services Licence under the Financial Services Reform Act 2001. PKF Corporate Advisory Services (WA) Pty Ltd holds an appropriate Australian Financial Services Licence.

Consent for the inclusion of this Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

NEIL SMITH
DIRECTOR

SECTION 9 - APPENDIX A FINANCIAL INFORMATION

OVERVIEW

This section contains historical financial information, provided on both an actual and pro-forma basis, for Phosphate Australia Limited.

The actual historical financial information comprises:

- The balance sheet of Phosphate Australia Limited as at 5 May 2008; and
- Notes to the financial information.

The pro-forma financial information comprises:

- The balance sheet of Phosphate Australia Limited as at 5 May 2008, adjusted for assumed transactions and events disclosed in Note 2 to this section as if they h ad occurred at 5 May 2008; and
- Notes to the financial information.

The historical financial information and the Pro Forma Financial information contained in this Appendix A is collectively referred to as the "Financial Information".

The Financial Information has been compiled by and is the responsibility of the directors of the Company.

BASIS OF PREPARATION OF HISTORICAL AND PRO-FORMA FINANCIAL INFORMATION

The Pro-Forma balance sheet presents the actual balance sheet as at 5 May 2008, as reviewed by PKFCA, adjusted for the impact of the Prospectus Offer, as stated in Note 2 of the Financial Information.

The Financial Information is presented in an abbreviated form. Whilst it has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, it is not intended to and does not comply with all the presentation and disclosure requirements of Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

	NOTE	REVIEWED HISTORICAL 5 May 2008 $	REVIEWED PRO FORMA 5 May 2008 $
Current Assets			
Cash and Cash Equivalents	3	187,355	9,662,355
Trade and Other Receivables		40,562	15,687
Total Current Assets		227,917	9,678,042
Non-current Assets			
Exploration and Evaluation	5	71,009	71,009
Plant and Equipment		11,540	11,540
Total Non-current Assets		82,549	82,549
Total Assets		310,466	9,760,591
Current Liabilities			
Trade And Other Payables		11,160	11,160
Financial Liabilities	6	110,000	-
Total Current Liabilities		121,160	11,160
Total Liabilities		121,160	11,160
Net Assets		189,306	9,749,431
Equity			
Contributed Equity	7	201,875	9,762,000
Accummulated Losses	8	(12,569)	(12,569)
		189,306	9,749,431

NOTES TO THE FINANCIAL INFORMATION

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The reviewed actual and pro-forma balance sheets have been prepared in accordance with the recognition and measurement, but not the disclosure requirements of Australian Accounting Standards and International Financial Reporting Standards (IFRS), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

The significant accounting policies adopted by the Company are as follows:

(a) Basis of Accounting

The balance sheets have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, where applicable.

The preparation of the balance sheets in conformity with IFRS requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the balance sheets are disclosed where applicable.

(b) Going Concern

The financial information has been prepared on the basis of the going concern assumption. The Company's ability to continue as a going concern is dependent upon raising additional capital to fund exploration commitments, other principal activities and for use as working capital. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated. No allowance for such circumstances has been made in the financial information.

(c) Income tax

Income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or that may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

DEPRECIATION

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	15%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation from sale of the area of interest; or

(ii) activities in the area of interest have not at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amounts exceed the recoverable amount (see impairment accounting policy). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash

generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(f) Financial instruments

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

FINANCIAL LIABILITIES

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

FAIR VALUE

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

IMPAIRMENT

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Income Statement.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Receivables

Receivables are recorded at amounts due less any provisions for doubtful debts.

(i) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Share Based Payments

Share based payments are provided to employees and directors.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees and directors become unconditionally entitled to the options. The fair value of the options granted is measured using a Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

NOTE 2: PRO-FORMA TRANSACTIONS

The Pro-Forma balance sheet reflects the following transactions and events as if they had occurred at 5 May 2008:

(a) Up to 5 May 2008 the Company has prepaid costs of $24,875 in relation to capital raising activities. In addition, the Company estimates that a further $415,000 will be incurred in relation to the IPO of the Company. Therefore a total of $439,875 attributable to capital raising will be offset against contributed equity.

(b) The issue to public subscribers by the Company of 50,000,000 Shares at an issue price of $0.20 each pursuant to this Prospectus to raise $10,000,000 with full subscription achieved.

(c) The repayment of loans from the Directors Mr Richards and Mr James for an amount of $55,000 each, totalling $110,000 from the proceeds of the offer.

NOTE 3: CASH AND CASH EQUIVALENTS

	REVIEWED HISTORICAL 5 May 2008 $	REVIEWED PRO FORMA 5 May 2008 $
Cash at bank		
Bank balance	187,355	187,355
Adjustments arising in the preparation of the pro-forma cash balance are summarised as follows:		
Estimated Cost of Issue		(415,000)
Repayment of Director Loans		(110,000)
Funds raised from the issue of 50,000,000 shares		10,000,000
		9,662,355

The pro-forma cash balance has been prepared on the basis that the maximum subscription occurs.

NOTE 4: TRADE AND OTHER RECEIVABLES

Prepayments	36,875	12,000
Sundry receivables	3,687	3,687
Total current receivables	40,562	15,687

NOTE 5: EXPLORATION AND EVALUATION EXPENDITURE

Tenement Acquisition Costs	14,063	14,063
Capitalised Exploration and Evaluation Expenditure	56,946	56,946
Total	71,009	71,009

NOTE 6: FINANCIAL LIABILITIES

Loans from directors	110,000	-
Total	110,000	-

The loans from directors are unsecured and interest free and will be repaid from the proceeds of the offer.

NOTE 7: CONTRIBUTED EQUITY

	ISSUED SHARE CAPITAL Number Of Shares	REVIEWED HISTORICAL 5 May 2008 $	REVIEWED PRO FORMA 5 May 2008 $
Contributed Equity	44,675,000	201,875	201,875
Adjustments arising in the preparation of the issued capital balance are summarised as follows:			
transaction costs relating to share issue	-		(439,875)
proceeds from capital raising	50,000,000		10,000,000
	94,675,000		9,762,000

NOTE 8: ACCUMULATED LOSSES

	REVIEWED HISTORICAL 5 May 2008 $	REVIEWED PRO FORMA 5 May 2008 $
Accumulated losses from incorporation date to 5 May 2008	12,569	12,569

NOTE 9: RELATED PARTIES

The Directors in office as at the date of this Prospectus are:

Mr James McArthur Richards

Mr Andrew Stephen James

Ms Lisa Kathleen Wells

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The aggregate number of options and ordinary shares of the Company held by Directors and their related entities at 5 May 2008:

	Options	Number of Shares
Mr James McArthur Richards	10,000,000	20,000,000
Mr Andrew Stephen James	10,000,000	20,050,000
Ms Lisa Kathleen Wells	2,000,000	2,000,000

During the period Ms Wells received remuneration of approximately $31,000 in relation to Geologist services provided on an arms length basis to the Company. These fees have been capitalised within the cost of Exploration and Evaluation expenditure.

The Company acquired three tenements from related entities of James Richards and Andrew James, being Nicholson Iron Pty Ltd and Fermi Uranium Pty Ltd for a consideration of $14,063, representing the reimbursement of annual rental permits and application fees paid on these tenements.

NOTE 10: EMPLOYEE SHARE OPTIONS

On 7 May 2008, by way of circular resolution of the board of Directors, 850,000 options were issued to employees of the company.

Each share option issued converts in to one ordinary share of Phosphate Australia Limited. Options issued to Ms Wells and employees will vest following the performance of two years continuous service subsequent to listing on the Australian Stock Exchange ("ASX"). No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Using the Black Scholes option valuation methodology, the fair value of the options were calculated. The following inputs were used:

INPUT	DIRECTOR OPTIONS @ $0.20	EMPLOYEE OPTIONS @ $0.20
Share price	$0.001	$0.10
Grant date	26 March 2008	7 May 2008
Expected volatility	88%	88%
Expiry date	31 July 2012	31 July 2012
Expected dividends	Nil	Nil
Risk free interest rate	6.12%	6.28%
Value per option	$0.00	$0.05
Number of options	22,000,000	850,000
Value of options	$0.00	$42,500

The value of the employee options will be expensed over two years in line with the period over which the vesting conditions apply, which commences 7 May 2008. Therefore, there is no expense brought to account in the Financial Information presented to 5 May 2008.

NOTE 11: COMMITMENTS

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Company are subject to the minimum expenditure commitments required as per the Mining Act.

Currently, the minimum expenditure commitments are:

- Within one year $192,000
- More than one year $70,000

NOTE 12: CONTINGENT ASSETS AND LIABILITIES

As at 5 May 2008, there are no contingent assets or liabilities.

NOTE 13: SUBSEQUENT EVENTS

Since 5 May 2008, there has not been any matter or circumstance not otherwise dealt with in the Financial report which would significantly affect the Company.

10. SOLICITOR'S REPORT

FAIRWEATHER & LEMONIS
Barristers & Solicitors

23rd May 2008

The Directors
Phosphate Australia Limited
Suite 4, 6 Richardson Street
WEST PERTH WA 6005

Dear Sirs,

SOLICITOR'S REPORT ON TENEMENTS

This Solicitor's Report (the "Report") is prepared for inclusion in a Prospectus to be dated on or about 26th May 2008 ("Prospectus") for the issue by Phosphate Australia Limited (the "Company") of 50,000,000 Shares at an issue price of 20 cents per Share to raise $10,000,000.

The Report relates to 3 granted exploration licences and 16 exploration licence applications in the Northern Territory (the "Tenements"). The Tenements are held by the Company. Details of the Tenements are set out in the attached Schedule ("Tenement Schedule") which forms part of this Report.

Words and expressions that are defined in this Prospectus have the same meanings when used in this Report, unless the contrary intention is expressed.

1. SEARCHES OF THE TENEMENTS

We have conducted the following searches at or obtained the following reports from the relevant Northern Territory or Commonwealth government departments:

(a) tenement searches of all the Tenements listed in the Tenement Schedule in the registers maintained by the Northern Territory Department of Primary Industry, Fisheries and Mines variously on 31 March 2008 and 8 May 2008; and

(b) searches from the Register of Native Title Claims maintained by the Northern Territory Registry of the National Native Title Tribunal in respect of native title claims upon the Tenements which searches were conducted on 28 March 2008.

We have further considered the grant documents upon each of the granted Tenements.

On the basis of the searches, materials and information supplied to us by the Company, subject to our qualifications set out below, we consider that this Report provides an accurate statement of the status of the Tenements as at the date on which they were searched.

2. TENEMENTS GENERALLY IN THE NORTHERN TERRITORY

The Tenements comprise 3 granted exploration licences and 16 exploration licence applications applied for and/or granted under the Mining Act (NT) ("Mining Act"). Details are provided in the Tenement Schedule.We provide below a brief summary of some general conditions relating to tenement interests in the Northern Territory and the features of an exploration licence and a mineral lease (which governs any eventual mining). There are other tenement or licence interests in the Northern Territory including exploration retention licences, mineral claims, extractive mineral leases, extractive mineral permits, authorisations and fossicker's permits.

The impact of native title on the Tenements is set out in section 3 below, however, assuming the relevant government department complied with the native title legislative requirements, we are of the opinion that the Tenements, which have been granted, have been validly granted with respect to native title. The valid grant of any Tenement which has not been granted and which may affect native title will require compliance with the applicable provisions and processes of the native title legislation set out in section 3 below.

GENERAL

Tenements in the Northern Territory are granted pursuant to the Mining Act, which has a requirement that no works (apart from low impact work on exploration licences) can be undertaken without an authorisation granted by the Minister under the Mining Management Act 2001 (NT) ("Mining Management Act"), which requires the lodgement of a mining management plan governing proposed activities on any tenements. As well as covering mining activities, a mining management plan must deal with safety, health and environmental issues in addition to any other matters raised in the process leading to the grant of authorisation. The Mining Management Act also includes obligations requiring tenements to be rehabilitated.

Mining tenements in the Northern Territory are granted subject to various conditions. Certain conditions are standard such as expenditure requirements, reporting requirements, minimising of environmental impact, environmental rehabilitation, sacred site protection and consultation with native title parties. Failure to comply with the conditions of a tenement can lead to loss of the tenement.

There can be no guarantee that any applications for tenements will be granted at all or on favourable terms.

Some specific conditions applicable to the individual granted Tenements are detailed in the notes to the Schedule.

EXPLORATION LICENCES

Exploration licences allow the holder to carry out an approved exploration program for minerals.

The area of land in respect of which an exploration licence may be granted must be contained in a single licence area and must not exceed 500 blocks.

An exploration licence may be granted for a term not exceeding 6 years, however there is provision for the exploration licence to be renewed for a further 2 periods of 2 years at the Minister's discretion.

The size of an exploration licence must be reduced at 24 months from its grant and each 12 months after that date, so that the number of blocks to be retained in the licensed area for the ensuing 12 months is not more than half the number of blocks contained in the area at the commencement of the initial 24 months period or relevant subsequent 12 month period, as the case may be. The Minister can, on application, waive this reduction.

An exploration licence is granted subject to certain standard conditions and includes obligations relating to rehabilitation, consultation with native title parties, sacred site protection, minimum expenditure and reporting requirements.

Rent on an exploration licence ranges from $10 per graticular block in the first year to $160 per graticular block in the sixth year.

MINERAL LEASES

Mineral leases are granted for the purpose of mining minerals or erecting infrastructure in support of a mine. They are granted for a maximum of 25 years and are renewable.

A mineral lease may require a bond or other security before a lease is granted in an amount to be determined by the Minister. Its purpose is to ensure that the lease holder performs rehabilitation and stabilisation of the land after operations has been completed.

The maximum area for a mineral lease is 4,000 hectares and the annual rental is $10 per hectare.

3. NATIVE TITLE

NATIVE TITLE

From inquiries we have made of the National Native Title Tribunal ("NNTT"), we are aware of native title claims over some of the Tenements as identified in the Tenement Schedule.

Where land is subject to native title, the Native Title Act 1993 (Cth) ("Native Title Act") imposes restrictions upon the grant of mining tenements in relation to that land, including the requirement to negotiate with native titleholders. As such, the existence and determination of native title in relation to the land the subject of the Tenements could inhibit exploration and mining operations, or cause significant delays in relation to future conversion of licences and applications for tenements over the subject land, or possibly challenge the validity of the grant of part or all of the rights conferred therein.

We have assumed the information in the registers maintained by the NNTT are accurate and up to date.

NATIVE TITLE ACT

Native title refers to the unique title held by Australian indigenous peoples over Australian land or waters, first recognised in Australia in the landmark Mabo v Queensland ("Mabo") case on 3 June 1992.

To establish native title, a claimant group must show that they have historically enjoyed certain customary rights and privileges and a traditional connection in respect of a particular area of land. Native title may be extinguished either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an inconsistent interest in the land by the Crown.

The Commonwealth Parliament responded to the Mabo decision by passing the Native Title Act which:

(a) recognised native title rights;

(b) validated certain 'past acts', including the grant of mining tenements and ancillary titles which would otherwise be invalidated due to native title;

(c) provided for the protection of native title in 'future acts' after the introduction of the Native Title Act; and

(d) provided for the procedures to claim and register native title, provided for a negotiation process in relation to future uses of native title land and to claim compensation for the extinguishment or impairment of native title.

The Native Title Amendment Act 1998 (Cth) (the "Amendment Act") extensively amended the Native Title Act. The Amendment Act validated titles which may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. The Amendment Act also included a revised threshold test for the acceptance of native title claims, confirmation of extinguishment of native title by the grant of "exclusive possession" pastoral leases and certain other leasehold interests and provisions intended to deal with overlapping claims.

Anyone who claims to hold native title, either alone or with others, may lodge a claim with the Native Title Registrar. However, the claimants must establish the claim before native title can exist in the area. We also advise that the absence of native title claims in an area does not mean that native title does not exist in an area. If the claimants satisfy the Native Title Registrar that the claim meets the legislative requirements, then the claim will be registered by the NNTT on the Register of Native Title claims. This registration entitles the claimants to procedural rights. Importantly, it entitles the claimants to the 'right to negotiate'.

Native title claims that are not registered by the NNTT are recorded on the Schedule of Applications Received. Claims entered on the Schedule of Applications Received can, at a later date, be properly registered if the claimant provides additional information and the Native Title Registrar is satisfied that the claimants rights and interests can prima facie be established.

In the Northern Territory, the Native Title Act procedures continue to apply in conjunction with the Validation (Native Title) Act (NT). This Act is consistent with the standards set by the Native Title Act for future dealings affecting native title.

VALIDITY OF TITLES

(a) TENEMENTS GRANTED AFTER 23 DECEMBER 1996

Tenements granted or renewed since 23 December 1996 which affect native title rights and interests will be valid provided that the Native Title Act has been complied with. All the granted Tenements as detailed in the Tenement Schedule have been granted since 23 December 1996.

(b) APPLICATIONS AND RENEWALS

Future tenement grants including the valid grant of any tenement that may affect native title will require full compliance with the provisions of the Native Title Act, being in effect successful negotiation with registered native title claimant groups. The 'conversion' of an exploration licence or mineral claim in the Northern Territory to one or more mineral leases is a future act, giving rise to a 'right to negotiate'.

Any renewal of a tenement occurring after 31 December 1996 will not be subject to the 'right to negotiate' unless the renewal seeks to extend the area of the tenement, is for a longer term than the previous term or confers greater rights than the previous grant.

THE RIGHT TO NEGOTIATE

The Native Title Act allows for the 'right to negotiate'. The right to negotiate consists of a statutory period of negotiation between the Government party, the native title party and the grantee party.

The parties must negotiate in good faith and if no agreement is reached, and at least six months have passed since the notification day, the matter is referred to the arbitral body for determination. The arbitral body then determines whether the act can be done, not done or done subject to conditions. A right then exists for a State or Territory Minister to overrule the determination of the arbitral body if it considers it to be in the interest of the State or Territory.

The right to negotiate process is not required to be followed in certain cases in respect of generally low impact mining tenements and future acts. In such cases, an expedited procedure can apply where unless a native title party lodges an objection within a prescribed period, the grant of the tenement can proceed.

Further, the Native Title Act authorises the entering of Indigenous Land Use Agreements ("ILUAs"), which provide for native title claimants or holders and the grantee party to enter into agreements, which are registered at the NNTT and once registered, can serve to validate tenements that have already been granted and that may be invalid. ILUAs can also be used to obtain the native title claimant's or holder's consent to the granting of current tenement applications and to obtain the native title claimants or holders consent for future tenement applications within a certain area. ILUAs are a contractual arrangement between the current native title claimants and the relevant grantee party (mining company).

Similarly, the grantee party and native title claimant groups can negotiate and enter into agreements covering heritage protocols for exploration and/or mining, which will facilitate the grant of tenement applications.

4. ABORIGINAL HERITAGE AND ABORIGINAL SITES

COMMONWEALTH

There is Commonwealth heritage legislation, the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) ("National Heritage Act"), which applies to the Tenements. The National Heritage Act is aimed at the preservation and protection of significant Aboriginal areas and objects through their use in a manner inconsistent with Aboriginal traditions. There may be sites of Aboriginal heritage or significance that are subject to such legislation that are located on the land on which the Tenements are situated. This may affect exploration or mining activities on the Tenements.

In respect of any Aboriginal sites or places of Aboriginal heritage that are on the Tenements or may be identified on the Tenements, the Company will need to ensure that any interference with Aboriginal sites is in strict conformity with the provisions of the National Heritage Act.

NORTHERN TERRITORY

The Northern Territory Aboriginal Sacred Sites Act 1989 (NT) ("Sacred Sites Act") protects sacred sites in the Northern Territory. Any explorer or miner is required to work within the sacred site protection regime created by this legislation prior to any relevant ground disturbance. The Aboriginal Areas Protection Authority ("Authority") maintains a register of sacred sites and generally oversees the working of the Sacred Sites Act. All sacred sites are protected by the Sacred Sites Act irrespective of whether they are registered.

The only definitive method of investigating the possibility of the existence, location and extent of sacred sites is for there to be a specific sacred site survey taking into account the proposed activities on the land. We have not undertaken a search of the land the subject of the Tenements to determine if there are any Aboriginal objects, scared sites or remains. These inquiries are generally undertaken by the relevant mining company after mining tenure is granted and once a particular work programme has been determined.

5. QUALIFICATION

Our Report is based on, and subject to, the assumptions and qualifications set out below and as otherwise specified elsewhere in this Report:

- We have relied upon information provided by third parties, including government departments and have relied upon that information being accurate, complete and up to date as at the date of its receipt.
- References to areas in the Tenement Schedule are taken from the searches and we have not verified the accuracy of such areas.
- We express no opinion whether the Tenement applications will ultimately be granted in whole or in part or that reasonable conditions will be imposed upon grant.
- Compensation may have to be agreed and/or paid to the owner and occupier of private land situated within the Tenement and we express no opinion whether such arrangements are in place or need to be put into place.
- In relation to registration of agreements against the Tenements, we have had no instructions in relation to the registration of any agreements and express no opinion on the consequences of non-registration or otherwise. In addition, we cannot comment on any agreements that are not registered as a dealing, encumbrance or otherwise noted in the searches of the Tenements.
- Native title or Aboriginal heritage sites or objects may exist in the areas covered by the Tenements. We have conducted searches to ascertain what native title claims, if any, have been registered over these areas, but we have not conducted any independent investigations regarding the likely existence or non-existence of native title, Aboriginal heritage sites or objects.
- Where Ministerial consent is required in relation to the Tenements or to the transfer the Tenements, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused.
- We have assumed that the Company has complied with all applicable provisions of the Mining Act, Mining Management Act and all other legislation or regulations relating to the Tenements and we note that the interest or rights of the Company in relation to the Tenements is subject to the Company continuing to comply with all the applicable provisions of the Mining Act, Mining Management Act and other legislation or regulations relating to the Tenements and any conditions specifically applicable to the Tenements. We express no opinion on any compliance not disclosed on the face of the searches conducted for the purposes of this Report.
- We have assumed that all instructions or information which we have received from the Company or any of its officers, agents, or representatives is accurate and complete in all respects.
- This Report relates solely to the laws of the Northern Territory, to the extent applicable to the Tenements. We do not express or imply any opinion on, and have made no investigation of the laws of any other jurisdiction.

6. CONSENT

Fairweather & Lemonis consent to being named in the Prospectus as being responsible for the preparation of this Report. Except for this Report, Fairweather & Lemonis:

(a) has not authorised or caused the issue of the Prospectus;

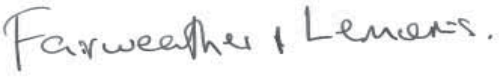
(b) is not responsible for any matter included in or omitted from this Prospectus;

(c) makes no representation or warranty, either express or implied, with respect to the accuracy or completeness of the information contained in the Prospectus; and

(d) disclaims liability to any persons in respect of any statement included in or omitted from the Prospectus.

This Report is made solely for the benefit of the Company and its Directors in connection with the issue of the Prospectus and it is not to be relied on or disclosed to any other person or used for any other purpose without prior written consent.

Yours faithfully



FAIRWEATHER & LEMONIS

TENEMENT SCHEDULE

(Schedule to Solicitors Report)

TENEMENT NO AND TYPE	PROJECT NAME (PHOSPHATE PROJECT OR IRON/URANIUM PROJECT)	REGISTERED HOLDER OR APPLICANT	SHARES/ OWNERSHIP	STATUS	GRANT/ APPLICATION DATE	EXPIRY DATE	AREA IN SUBBLOCKS	REGISTERED ENCUMBRANCES	NATIVE TITLE CLAIMS MADE	NOTES
EL 25068	Phosphate Project and Iron/Uranium Project	Phosphate Australia Limited	100%	Granted	8/8/06	7/8/12	500	Nil	A	1
EL 25600	Phosphate Project	Phosphate Australia Limited	100%	Granted	23/8/07	22/8/13	500	Nil	B	2
EL 25972	Phosphate Project	Phosphate Australia Limited	100%	Granted	19/11/07	18/11/13	211	Nil	C	3
ELA 26604	Phosphate Project and Iron/Uranium Project	Phosphate Australia Limited	100%	Application	Lodged 30/1/08	N/A	53	N/A	D	Nil
ELA 26642	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 5/2/08	N/A	489	N/A	E	Nil
ELA 26643	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 5/2/08	N/A	423	N/A	F	Nil
ELA 26644	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 5/2/08	N/A	493	N/A	G	Nil
ELA 26651	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 6/2/08	N/A	367	N/A	H	Nil
ELA 26661	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 21/2/08	N/A	498	N/A	I	Nil
ELA 26678	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 5/3/08	N/A	50	N/A	Nil	Nil
ELA 26680	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 5/3/08	N/A	380	N/A	Nil	Nil
ELA 26681	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 5/3/08	N/A	97	N/A	E	Nil
ELA 26682	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 7/3/08	N/A	478	N/A	4	4
ELA 26683	Phosphate Project	Phosphate Australia Limited	100%	Application	Lodged 7/3/08	N/A	500	N/A	Nil	Nil
ELA 26645	Iron/Uranium Project	Phosphate Australia Limited	100%	Application	Lodged 5/2/08	N/A	409	N/A	D	Nil
ELA 26646	Iron/Uranium Project	Phosphate Australia Limited	100%	Application	Lodged 5/2/08	N/A	91	N/A	D	Nil
ELA 26648	Iron/Uranium Project	Phosphate Australia Limited	100%	Application	Lodged 6/2/08	N/A	497	N/A	D	Nil
ELA 26649	Iron/Uranium Project	Phosphate Australia Limited	100%	Application	Lodged 6/2/08	N/A	461	N/A	D	Nil
ELA 26650	Iron/Uranium Project	Phosphate Australia Limited	100%	Application	Lodged 6/2/08	N/A	500	N/A	D	Nil

KEY

Tenements

EL = Exploration Licence

ELA = Exploration Licence Application

NOTES

1. Exploration licence 25068 is subject to the condition that a minimum of $80,000 is expended in exploration on the licence area during year one of the licence. The expenditure commitment for year two of the licence is $70,000.
2. Exploration licence 25600 is subject to the condition that a minimum of $75,000 is expended in exploration on the licence area during year one of the licence.
3. Exploration licence 25972 is subject to the condition that a minimum of $37,000 is expended in exploration on the licence area during year one of the licence.
4. The area over which exploration licence application 26682 is applied for is owned by the Karlantijpa North Aboriginal Land Trust (represented by the Central Land Council) being the subject of a land grant under the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth). Thereby the grant of the exploration licence will require the consent of the Land Trust (as owner) and the Minister. The Land Trust and the Company must further enter into an agreement as to the terms and conditions of the grant of the licence. If no such agreement can be reached between the Company and the representative Land Council, the parties can request the Federal Minister to appoint a mining commissioner to conciliate or eventually arbitrate the terms and conditions of the licence.

NATIVE TITLE MATTERS

A. The land the subject of this tenement is affected by native title claim DC 01/12 Mt Drummond (Federal Court Number NTD 6012/01) registered on 12 March 2001.

B. The land the subject of this tenement is affected by:
   (a) native title claim DC 01/30 Dalmore Downs (Federal Court Number NTD 6030/01) registered on 7 June 2001; and
   (b) native title claim DC 03/1 Rockhampton-Brunette Downs (Federal Court Number NTD 6001/03) which has not been accepted for registration.

C. The land the subject of this tenement is affected by native title claim DC 01/30 Dalmore Downs (Federal Court Number NTD 6030/01) registered on 7 June 2001.

D. The land the subject of this tenement is affected by native title claim QC 99/23 Waanyi Peoples (Federal Court Number QUD 6022/99) registered on 15 September 1999.

E. The land the subject of this tenement is affected by:
   (a) native title claim DC 01/30 Dalmore Downs (Federal Court Number NTD 6030/01) registered on 7 June 2001; and
   (b) native title claim DC 02/15 Burramurra (Federal Court Number NTD 6016/02) registered on 2 August 2002.

F. The land the subject of this tenement is affected by:
   (a) native title claim DC 01/30 Dalmore Downs (Federal Court Number NTD 6030/01) registered on 7 June 2001;
   (b) native title claim DC 01/61 Lake Nash (Federal Court Number NTD 6061/01) registered on 6 November 2001; and
   (c) native title claim DC 02/15 Burramurra (Federal Court Number NTD 6016/02) registered on 2 August 2002.

G. The land the subject of this tenement is affected by:
   (a) native title claim DC 02/01 Mallapunyah/ Cresswell (Federal Court Number NTD 6001/02) registered on 28 March 2002; and
   (b) native title claim DC 03/01 Rockhampton-Brunette Downs (Federal Court Number NTD 6001/03) which has not been accepted for registration.

H. The land the subject of this tenement is affected by:
   (a) native title claim DC 01/31 Brunchilly (Federal Court Number NTD 6031/01) registered on 7 June 2001; and
   (b) native title claim DC 03/01 Rockhampton-Brunette Downs (Federal Court Number NTD 6001/03) which has not been accepted for registration.

I. The land the subject of this tenement is affected by:
   (a) native title claim DC 0/5 Banka Banka (Federal Court Number NTD 6005/01) registered on 28 February 2001; and
   (b) native title claim DC 01/31 Brunchilly (Federal Court Number NTD 6031/01) registered on 7 June 2001.

11. MATERIAL CONTRACTS

Set out below is a summary of the contracts to which the Company is a party which may be material in terms of this Prospectus.

To fully understand all rights and obligations of a material contract it would be necessary to review each contract in full and the summaries below should be read in that light.

11.1 EXECUTIVE SERVICE AGREEMENTS WITH MR ANDREW JAMES AND MS LISA WELLS

The Company has entered into executive service agreements with Mr James and Ms Wells.

Mr James is employed as the Managing Director of the Company to perform the functions and responsibilities of the role of managing director including as delegated or assigned by the Board.

Ms Wells is employed in an executive capacity as the Technical Director of the Company to perform the functions and responsibilities of the role of Technical Director including as delegated or assigned by the Board.

Both the engagement of Mr James and Ms Wells is for an initial minimum period of 3 years from the date of approval of the Company to list on ASX on conditions acceptable to the Company and continues thereafter until terminated by either party. During the initial 3 year period the Company may only terminate the employment upon limited events akin to misconduct or incapacity. Thereafter, either party may additionally terminate the agreement without cause on 3 months written notice.

Mr James will receive an annual salary of $230,000 plus 9% superannuation. Additionally, Mr James has been issued with 20,000,000 Shares and 10,000,000 Options. Mr James will not be paid a separate directors fee for serving on the Board.

Ms Wells will receive an annual salary of $200,000 plus 9% superannuation. Additionally, Ms Wells has been issued with 2,000,000 Shares and 2,000,000 Options. Ms Wells will not be paid a separate directors fee for serving on the Board.

11.2 SPONSORING BROKER AGREEMENT

The Company has entered an agreement with Bell Potter Securities Limited as sponsoring broker to the initial public offer constituted by this Offer. The primary role of Bell Potter Securities Limited is to assist the Company with completion of the Offer.

In the role as sponsoring broker, Bell Potter Securities Limited is to be paid a fee of 4% of the total value of the amount of equity raised by Bell Potter Securities Limited under the Prospectus. While the Offer is to raise $10 million, Bell Potter Securities Limited will use its best endeavours to secure subscriptions for up to $9 million. The remaining $1 million is intended to be raised directly by the Company and no fee is payable to Bell Potter Securities Limited for these funds raised.

12. ADDITIONAL INFORMATION

12.1 INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company; or

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or

(c) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person.

(d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or

(e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

HOLDINGS OF DIRECTORS

As at the date of this Prospectus the Directors have a relevant interest in Shares as set out in the table below:

DIRECTOR	SHARES	OPTIONS
Mr Jim Richards	20,000,000	10,000,000
Mr Andrew James	20,050,000	10,000,000
Ms Lisa Wells	2,000,000	2,000,000

The Directors are not required to hold any Shares in the Company under the Constitution.

REMUNERATION OF DIRECTORS

Mr Jim Richards as non-executive chairman will be paid total remuneration of $80,000.

Mr Andrew James and Ms Lisa Wells as executive Directors have entered into executive service agreements with the Company. These agreements are summarised at section 11. Mr Andrew James and Ms Lisa Wells will not be paid a separate director's fee.

Ms Lisa Wells has been paid as a casual consultant to the Company prior to the issue of this Prospectus from January to May 2008. These fees have totalled $31,094. Neither Mr Jim Richards nor Mr Andrew James have been remunerated by the Company for their services.

As disclosed in Appendix A to Section 9 - Financial Information, Mr Richards and Mr James have made an interest free loan to the Company of $55,000 each to develop the Company's tenements and to fund certain costs associated with the Offer. The Company proposes to repay the loans to both Mr Richards and Mr James from the proceeds of the Offer.

Prior to the date of this Prospectus, companies associated with Mr Richards and Mr James agreed to transfer the three granted tenements to the Company. In consideration for the transfers the Company paid a total of $14,062.82 representing reimbursement of annual rental permits and application fees paid on these tenements.

Directors may be paid reasonable expenses incurred by them on business of the Company.

12.2 INTERESTS OF EXPERTS AND ADVISORS

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company; or

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Fairweather & Lemonis have acted as solicitors to the Offer. In respect of this work, the Company will pay approximately $22,000 exclusive of GST and disbursements. Additionally, Fairweather & Lemonis will be paid approximately $15,000 exclusive of GST for the provision of the Solicitor's Report in this Prospectus.

Subsequently fees will be paid in accordance with normal hourly rates. Fairweather & Lemonis has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus for other legal services.

B.H. McCrow and Associates has prepared the Independent Geologist's Report in this Prospectus. In respect of this work, the Company will pay approximately $4,000. BH McCrow and Associates have not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

PKF Corporate Advisory Services (WA) Pty Ltd have prepared the Investigating Accountant's Report in this Prospectus. In respect of this work, the Company will pay approximately $12,000. PKF Corporate Advisory Services (WA) Pty Ltd and Business have not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

Bell Potter Securities Limited is the Sponsoring Broker and will receive a capital raising fee of 4% of the total value of the amount of equity raised by Bell Potter Securities Limited under the Prospectus. Bell Potter Securities Limited has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

12.3 RIGHTS AND LIABILITIES ATTACHING TO SHARES

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share. Voting may be in person or by proxy, attorney or representative.

DIVIDENDS

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

FUTURE ISSUES OF SECURITIES

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

TRANSFER OF SHARES

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

MEETINGS AND NOTICES

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

ELECTION OF DIRECTORS

There must be a minimum of 3 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. If the Company has less than 3 Directors, one Director must retire from office together with any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting. These retirement rules do not apply to certain appointments including the managing director.

INDEMNITIES

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

WINDING UP

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- divide the assets of the Company among the shareholders in kind;
- for that purpose fix the value of assets and decide how the division is to be carried out as between the shareholders and different classes of shareholders; and
- vest assets of the Company in trustees on any trusts for the benefit of the shareholders as the liquidator thinks appropriate.

PHOSPHATE AUSTRALIA CHAIRMAN JIM RICHARDS AND TECHNICAL DIRECTOR LISA WELLS ON THE COMPANY'S TENEMENTS IN THE SOUTH NICHOLSON BASIN

SHAREHOLDER LIABILITY

As the Shares under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

ALTERATION TO THE CONSTITUTION

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

LISTING RULES

If the Company is admitted to the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

12.4 OPTION TERMS

The Company currently has 22,850,000 Options on issue. Options have been issued to each of the Directors and to employees and consultants.

The Options that have been issued to Mr Richards and Mr James as Directors have no vesting conditions.

The Options that have been issued to Lisa Wells as a Director and to employees and consultants are subject to a vesting hurdle. These Options will only vest and may be exercised in the event that the optionholder is an employee or consultant of the Company for a continuous period of 2 years from the date of listing of the Company on the ASX save that this condition is waived so that full vesting occurs in the event that a takeover or scheme of arrangement is successfully completed in relation to the Company.

Otherwise the full terms of all of the Options are as follows:

(a) Each Option will entitle the holder to one Share in the capital of the Company.

(b) The Options may be exercised at any time prior to 31 July 2012 ("Expiry Date").

(c) The exercise price of the Options is 20 cents per Option.

(d) The Options will not be quoted and may only be transferred with the prior approval of the Board.

(e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). Subject to any terms to the contrary, the Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.

(f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.

(g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.

(h) If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (Bonus Issue), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.

(i) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

12.5 EMPLOYEE SHARE OPTION PLAN

The Company has established an employee share option plan ("ESOP") in order to provide an incentive for employees to participate in the future growth of the Company. The ESOP will be administered in accordance with the ESOP rules, which are summarised below.

OPTION ISSUE

The Board may, in its absolute discretion, offer Options to eligible participants under the ESOP. The Options will be issued for no consideration and each Option will carry the right in favour of the Optionholder to subscribe for one Share (fully paid ordinary) in the capital of the Company.

An eligible participant is a full or part time employee or a director of a company within the Phosphate Australia group of companies. The Company must obtain Shareholder approval before the participation under the ESOP of an eligible participant who is a Director of, or otherwise a related party of the Company.

The Board may impose performance criteria such as vesting hurdles.

The Options issued under the ESOP are not transferable except with the prior written consent of the Board.

RESTRICTIONS

The Options may only be issued or exercised within the limitations imposed by the Corporations Act and the Listing Rules. Further, the total number of Shares that would be issued under the ESOP were each Option issued pursuant to the ESOP exercised, and the number of Shares issued by the Company pursuant to an employee share or option scheme implemented by the Company during the previous 5 years may not exceed 5% of the total number of Shares on issue as at the date any Options are offered pursuant to the ESOP.

EXERCISE PRICE AND EXPIRY DATE

The exercise price of the Options to be issued under the ESOP after the Listing Date will, unless otherwise determined by the Board, be the weighted average closing sale price of Shares recorded on ASX over the last 5 trading days on which sales of Shares were recorded preceding the day on which the Board resolves to offer the Options. The expiry date will be determined by the Board but will be no longer than 5 years from the issue date.

EXERCISE OF OPTIONS

If performance criteria are imposed on an Optionholder, that Optionholder may only exercise their Options upon satisfaction of the performance criteria and prior to the expiry date. Notwithstanding this, all Options may be exercised during a takeover period or, in the Board's discretion, upon the death or permanent disablement of an eligible participant.

If an eligible participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any company within the Phosphate Australia group of companies, then, notwithstanding any other provisions in the ESOP, the Board may deem any unexercised options of the eligible participant to have lapsed.

NOTICE OF EXERCISE

Options may only be exercised by the Optionholder delivering an option exercise notice to the Company specifying the number of Options being exercised (which must be no less than multiples of 1,000) and accompanied by the exercise price for the Options specified in the option exercise notice and the certificates for those Options.

BONUS ISSUE

If, prior to the expiry of any Options, the Company makes a bonus share issue to the holders of Shares on a pro rata basis, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the date the Shares the subject of the bonus issue had been duly allotted and issued.

RECONSTRUCTION OF CAPITAL

In the event that prior to the expiry of any Options, there is a reconstruction (including consolidation, subdivision, reduction, return or pro-rata cancellation) of the issued capital of the Company, then the number of Options to which each Optionholder is entitled or the exercise price or both will be reconstructed in the manner required by the Listing Rules.

PRO-RATA ISSUES

In the event the Company makes a pro-rata issue of securities, the exercise price of the Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.

ADMINISTRATION OF THE ESOP

The Board will supervise the administration of the ESOP and has a discretion to amend the rules.

12.6 OFFICER PROTECTION DEEDS

The Company has entered into Officer Protection Deeds ("Deed") with each Director. Under the Deed, the Company indemnifies the Director to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charges, expense, outgoings or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the Director being an officer of the Company, the employment of the Director with the Company or a breach by the Company of its obligations under the Deed.

Pursuant to the Deed, the Company must insure the Directors against liability and provide access to all Board documents both while a person is a Director and after that person ceases to be a Director to the extent relevant to defending any claim brought against the Directors in their capacity as officers of the Company.

12.7 COMPANY TAX STATUS AND FINANCIAL YEAR

The Company will be taxed in Australia as a public company. The financial year of the Company ends on 30 June annually.

12.8 DIVIDEND POLICY

The Company does not intend to pay dividends on securities for the year ending 30 June 2008. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

12.9 EXPENSES OF THE OFFER

The total estimated costs of this Prospectus, including fees to be paid to the Sponsoring Broker (assuming a fee of 4% of $9,000,000 the subject of the Offer), solicitors, independent geologist and investigating accountant, listing fees, Prospectus design, printing and other miscellaneous expenses will be payable by the Company and these expenses are estimated to be approximately $440,000 exclusive of any GST which may be payable on that amount.

12.10 CONSENTS

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by those parties (as described below in the form and context in which they are included), and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

(a) Fairweather & Lemonis has consented to being named as the Solicitors to the Offer and the inclusion of the Solicitors Report in this Prospectus.

(b) B.H. McCrow and Associates has consented to being named as the Independent Geologist to the Company and the inclusion of the Independent Geologist's Report in this Prospectus.

(c) PKF Corporate Advisory Services (WA) Pty Ltd has consented to being named as the Investigating Accountant to the Company and the inclusion of the Investigating Accountant's Report in this Prospectus.

(d) Bell Potter Securities Limited has consented to being named as the Sponsoring Broker.

(e) Link Market Services Limited has consented to being named as the Share Registry to the Offer.

Each of the parties referred to above in this section:

- does not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this section; and
- has not caused or authorised the issue of this Prospectus.

12.11 LEGAL PROCEEDINGS

Legal proceedings may arise from time to time in the course of the business of the Company.

As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

12.12 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

13. DIRECTORS' RESPONSIBILITY AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of the Shares pursuant to this Prospectus.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 26th May 2008

Signed for and on behalf of
Phosphate Australia Limited by:

MR JIM RICHARDS
NON-EXECUTIVE CHAIRMAN

13. GLOSSARY

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

AFSL	Australian Financial Services Licence.
Applicant	a person who submits a valid Application Form pursuant to this Prospectus.
Application	a valid application made on an Application Form to subscribe for Shares pursuant to this Prospectus.
Application Form	the application form attached to this Prospectus.
Application Money	money received by the Company with the Application Form.
ASIC	the Australian Securities & Investments Commission.
ASX	the ASX Limited ACN 008 624 691.
Board	the Board of Directors.
Closing Date	the closing date for receipt of Application Forms under this Prospectus, estimated to be 5.00pm WST on 23rd June 2008 or an amended time as set by the Board.
Company or Phosphate Australia	Phosphate Australia Limited ABN 51 129 158 550.
Constitution	the constitution of the Company.
Corporations Act	the Corporations Act 2001 (Cth).
Director	a director of the Company.
Independent Geologist	B.H. McCrow and Associates.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
Listing Rules	the listing rules of the ASX.
Offer	an invitation made in this Prospectus to subscribe for Shares.
Official List	the official list of the ASX.
Opening Date	3rd June2008.
Option	an option to subscribe for a Share.
Project	a project in which the Company has an interest.
Prospectus	this Prospectus and includes the electronic prospectus.
Share	a fully paid ordinary share in the Company.
Shareholder	the registered holder of Shares in the Company.
Share Registry	Link Market Services Limited.
Sponsoring Broker	Bell Potter Securities Limited ACN 006 390 772 AFS Licence No. 243480.
WST	Western Standard Time, Perth, Western Australia.
$ or Dollars	Australian dollars unless otherwise stated.

Pin cheque(s) here (do not staple)

phosphateaustralia

ABN 51 129 158 550

Broker Code

Application Form

This is an Application Form for Shares in Phosphate Australia under the Offer as set out in Prospectus dated 26th May 2008. The Application Form should be read in conjunction with the Prospectus. Capitalised words and certain terms used in this Application Form have the meanings given to them in the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if available) and an Application Form, on request and without charge.

By returning this Application Form, you are deemed to accept the Offer. There is no need to sign this Application Form.

This Application Form is important. If you are in doubt as how to deal with it, please contact your accountant, financial adviser, stockbroker, lawyer or other professional adviser without delay. You should read the Prospectus carefully and in full before completing the form.

The Closing Date for all Applicants is 5:00pm (AWST) on 23rd June 2008.

A Shares applied for

at Offer Price per Share **A$0.20**

B Application Monies A$

(minimum 10,000 Shares, thereafter in multiples of 2,500 Shares)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant / Joint Applicant #1

C Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2

Surname

Title | First Name | Middle Name

Designated account e.g. <Super Fund>

PLEASE COMPLETE ADDRESS DETAILS

D PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

E CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

F Telephone Number where you can be contacted during Business Hours ( )

Contact Name (PRINT)

G **Application payment –** Cheque(s) or bank draft(s) must be made payable to "Phosphate Australia Share Offer" in Australian currency drawn on an Australian branch of a financial institution and cheque(s) should be crossed "not negotiable". Cash payments will not be accepted.

Cheque or bank draft number | BSB - | Account number

Total Amount A$

This Application Form must completed. See the back of this Application Form for further information.

The Offer closes at 5:00pm (AWST) on 23rd June 2008.

POZ IPO003

POZ IPO003

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The shares to which this Application Form relates are Phosphate Australia shares. Further details about the Shares are contained in the Prospectus dated 26th May 2008 issued by Phosphate Australia. The Prospectus will expire 13 months from the date of Prospectus.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the Offer Price per Share. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to two joint Applicants may register. You should refer to the table below for the correct registrable title.

D Please enter your postal address for all correspondence. All communications to you from Phosphate Australia and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to Phosphate Australia issuer sponsored subregister.

F Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

G Application Payment

Please provide Application payment as follows:

- the total Application payment must be the same as the amount shown in section B;
- your cheque(s) or bank draft(s) (or both) must be drawn on an Australian branch of a financial institution in Australian currency and made payable to "Phosphate Australia Share Offer". Cheque(s) should be crossed "not negotiable";
- sufficient cleared funds should be held in your bank account, as any cheque(s) returned unpaid are likely to result in your Application being rejected;
- you should pin (do not staple) your cheque(s) or bank draft(s) (or both) to the Application Form where indicated; and
- cash payments will not be accepted.

LODGEMENT INSTRUCTIONS

Please mail this Application Form and your cheque(s) or bank draft(s) to:

Mailing Address: Link Market Services Limited, Phosphate Australia, Locked Bag A14, Sydney South NSW 1235

Hand Delivery Address: Link Market Services Limited, Phosphate Australia, Level 12, 680 George Street, Sydney NSW 2000

Please do this so that the Share Registry receives your Application Form before the Offer Closing Date being 5:00pm (AWST) on 23rd June 2008. If your Application Form is not completed accurately or correctly, the Share Registry will try to contact you using the details in section F and your registered address. If the Share Registry is unable to process your Application Form, it will be returned to you with your Application payment and you will not be allotted any Shares under that Application.

ACKNOWLEDGEMENTS

By returning this Application Form, I/we agree to the following statements. I/We:

- agree to be bound by the Constitution of the Company;
- am/are at least 18 years of age if I/we am/are an individual(s);
- have completed this Application Form correctly;
- acknowledge that once Phosphate Australia receives this Application Form, I/we may not withdraw it;
- apply for the number of Shares at the Australian dollar amount shown on the front of this Application Form;
- agree to being allotted or transferred the number of Shares that I/we apply for or a lower number allotted in a way allowed under the Prospectus or no Shares at all;
- authorise the Sponsoring Broker, Phosphate Australia and their respective officers or agents, to do anything on my/our behalf necessary for Shares to be allotted or transferred to me/us, including without limitation to sign any documents necessary for Shares to be allotted or transferred to me/us, and to act on instructions received by the Share Registry using the contact details in section F and my/our registered address;
- acknowledge that the information contained in the Prospectus is not investment advice or a recommendation that Shares are suitable to me/us, given my/our investment objectives, financial situation or particular needs;
- represent and warrant that I/we have received the Prospectus in Australia; and
- represent and warrant that I am/we are not in the United States and I am/we are not a United States person (and not acting for the account or benefit of a United States person), and I/we will not offer, sell or resell Shares in the United States to, or for the account or benefit of, any United States person.

PRIVACY STATEMENT

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold Shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website www.linkmarketservices.com.au

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Pin cheque(s) here (do not staple)

phosphateaustralia

ABN 51 129 158 550

Broker Code

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C Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2

Surname

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Designated account e.g. <Super Fund>

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- am/are at least 18 years of age if I/we am/are an individual(s);
- have completed this Application Form correctly;
- acknowledge that once Phosphate Australia receives this Application Form, I/we may not withdraw it;
- apply for the number of Shares at the Australian dollar amount shown on the front of this Application Form;
- agree to being allotted or transferred the number of Shares that I/we apply for or a lower number allotted in a way allowed under the Prospectus or no Shares at all;
- authorise the Sponsoring Broker, Phosphate Australia and their respective officers or agents, to do anything on my/our behalf necessary for Shares to be allotted or transferred to me/us, including without limitation to sign any documents necessary for Shares to be allotted or transferred to me/us, and to act on instructions received by the Share Registry using the contact details in section F and my/our registered address;
- acknowledge that the information contained in the Prospectus is not investment advice or a recommendation that Shares are suitable to me/us, given my/our investment objectives, financial situation or particular needs;
- represent and warrant that I/we have received the Prospectus in Australia; and
- represent and warrant that I am/we are not in the United States and I am/we are not a United States person (and not acting for the account or benefit of a United States person), and I/we will not offer, sell or resell Shares in the United States to, or for the account or benefit of, any United States person.

PRIVACY STATEMENT

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold Shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website www.linkmarketservices.com.au

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Pin cheque(s) here (do not staple)

phosphateaustralia

ABN 51 129 158 550

Broker Code

Application Form

This is an Application Form for Shares in Phosphate Australia under the Offer as set out in Prospectus dated 26th May 2008. The Application Form should be read in conjunction with the Prospectus. Capitalised words and certain terms used in this Application Form have the meanings given to them in the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if available) and an Application Form, on request and without charge.

By returning this Application Form, you are deemed to accept the Offer. There is no need to sign this Application Form.

This Application Form is important. If you are in doubt as how to deal with it, please contact your accountant, financial adviser, stockbroker, lawyer or other professional adviser without delay. You should read the Prospectus carefully and in full before completing the form.

The Closing Date for all Applicants is 5:00pm (AWST) on 23rd June 2008.

A Shares applied for

at Offer Price per Share **A$0.20**

B Application Monies A$

(minimum 10,000 Shares, thereafter in multiples of 2,500 Shares)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant / Joint Applicant #1

C Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2

Surname

Title | First Name | Middle Name

Designated account e.g. <Super Fund>

PLEASE COMPLETE ADDRESS DETAILS

D PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

E CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

F Telephone Number where you can be contacted during Business Hours ( )

Contact Name (PRINT)

G **Application payment –** Cheque(s) or bank draft(s) must be made payable to "Phosphate Australia Share Offer" in Australian currency drawn on an Australian branch of a financial institution and cheque(s) should be crossed "not negotiable". Cash payments will not be accepted.

Cheque or bank draft number | BSB - | Account number

Total Amount A$

This Application Form must completed. See the back of this Application Form for further information.

The Offer closes at 5:00pm (AWST) on 23rd June 2008.

POZ IPO003

POZ IPO003

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The shares to which this Application Form relates are Phosphate Australia shares. Further details about the Shares are contained in the Prospectus dated 26th May 2008 issued by Phosphate Australia. The Prospectus will expire 13 months from the date of Prospectus.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the Offer Price per Share. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to two joint Applicants may register. You should refer to the table below for the correct registrable title.

D Please enter your postal address for all correspondence. All communications to you from Phosphate Australia and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to Phosphate Australia issuer sponsored subregister.

F Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

G Application Payment

Please provide Application payment as follows:

- the total Application payment must be the same as the amount shown in section B;
- your cheque(s) or bank draft(s) (or both) must be drawn on an Australian branch of a financial institution in Australian currency and made payable to "Phosphate Australia Share Offer". Cheque(s) should be crossed "not negotiable";
- sufficient cleared funds should be held in your bank account, as any cheque(s) returned unpaid are likely to result in your Application being rejected;
- you should pin (do not staple) your cheque(s) or bank draft(s) (or both) to the Application Form where indicated; and
- cash payments will not be accepted.

LODGEMENT INSTRUCTIONS

Please mail this Application Form and your cheque(s) or bank draft(s) to:

Mailing Address: Link Market Services Limited, Phosphate Australia, Locked Bag A14, Sydney South NSW 1235

Hand Delivery Address: Link Market Services Limited, Phosphate Australia, Level 12, 680 George Street, Sydney NSW 2000

Please do this so that the Share Registry receives your Application Form before the Offer Closing Date being 5:00pm (AWST) on 23rd June 2008. If your Application Form is not completed accurately or correctly, the Share Registry will try to contact you using the details in section F and your registered address. If the Share Registry is unable to process your Application Form, it will be returned to you with your Application payment and you will not be allotted any Shares under that Application.

ACKNOWLEDGEMENTS

By returning this Application Form, I/we agree to the following statements. I/We:

- agree to be bound by the Constitution of the Company;
- am/are at least 18 years of age if I/we am/are an individual(s);
- have completed this Application Form correctly;
- acknowledge that once Phosphate Australia receives this Application Form, I/we may not withdraw it;
- apply for the number of Shares at the Australian dollar amount shown on the front of this Application Form;
- agree to being allotted or transferred the number of Shares that I/we apply for or a lower number allotted in a way allowed under the Prospectus or no Shares at all;
- authorise the Sponsoring Broker, Phosphate Australia and their respective officers or agents, to do anything on my/our behalf necessary for Shares to be allotted or transferred to me/us, including without limitation to sign any documents necessary for Shares to be allotted or transferred to me/us, and to act on instructions received by the Share Registry using the contact details in section F and my/our registered address;
- acknowledge that the information contained in the Prospectus is not investment advice or a recommendation that Shares are suitable to me/us, given my/our investment objectives, financial situation or particular needs;
- represent and warrant that I/we have received the Prospectus in Australia; and
- represent and warrant that I am/we are not in the United States and I am/we are not a United States person (and not acting for the account or benefit of a United States person), and I/we will not offer, sell or resell Shares in the United States to, or for the account or benefit of, any United States person.

PRIVACY STATEMENT

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold Shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website www.linkmarketservices.com.au

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
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