

8 May 2013

ASX RELEASE
CLEANSING NOTICE

Non-Renounceable pro-rata Entitlement Issue

Notice under Section 708AA(2)(f) of the Corporations Act 2001 (Cth)

On 8 May 2013, Phosphate Australia Limited ("**Company**") announced to the Market that it would make a non-renounceable pro-rata entitlement issue ("**Entitlement Issue**") of shares in the Company ("**Share**") to all shareholders with a registered address in Australia or New Zealand recorded on the Company's share register at 17 May 2013 ("**Eligible Shareholders**").

The Company confirms the Entitlement Issue is being made without a disclosure document pursuant to section 708AA of the Corporations Act 2001 (Cth) ("**the Act**").

Pursuant to section 708AA the Company provides the following information:

- (a) the Company will offer the Entitlement Issue share for subscription without disclosure to investors under Part 6D.2 of the Act as modified by CO 08/35;
- (b) as a disclosing entity it is subject to regular reporting and disclosing obligations;
- (c) as at the date of this notice the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - the rights and liabilities attaching to the Shares;

- (e) as the Entitlement Issue is a pro-rata non-renounceable rights issue to Eligible Shareholders where the Directors or entities associated with the directors are partly underwriting the Entitlement Issue to the sum of \$200,000, then:
- (i) if all Eligible Shareholders take up their entitlements under the offer then the issue of the Entitlement Issue Shares will have no effect on the control of the Company (full subscription);
 - (ii) if the only Shares taken up are those which the Directors take up and the Shares issued to the Underwriters, namely 25,087,500 Shares in total, then the voting power of each of the Directors will increase and the voting power of all other Shareholders will decrease. In this scenario, the voting power of James Richards (Executive Chairman and the Company's largest Shareholder) will increase from 12.41% to 19.87%. The voting power of the remaining Directors, Grant Mooney and Mark Thompson, will be less than 5%. Each of the Directors is independent of one another and the Company considers the issue of Shares to the Directors (or their controlled entities) in this scenario will not have a material effect on the control of the Company;
 - (iii) if any Entitlement Issue Shares are taken up by other Eligible Shareholders, the voting power of James Richards and the other Directors will be less than that stated above and the Company considers the issue of Shares to the Directors (or their controlled entities) in this scenario will not have a material effect on control of the Company.

If you have any questions about the Entitlement Offer, contact Jim Richards on 08 9422 9555.