

PHOSPHATE AUSTRALIA LIMITED
ABN 51 129 158 550

TRADING POLICY

PURPOSE OF POLICY

1. This policy applies to all directors, executives, employees, contractors, consultants and advisors (together "Restricted Persons") of Phosphate Australia Limited ("Company") and its subsidiaries. This policy sets out the circumstances in which Restricted Persons may deal in securities of the Company with the objective that no Restricted Person will contravene the provisions of the Corporations Act.
2. For the purposes of this policy, the securities of the Company include:
 - (a) any shares in the Company;
 - (b) any other securities issued by the Company such as options and convertible securities;
 - (c) derivatives, rights and other financial products issued in relation to the Company's shares;(together "Company Securities").
3. This policy provides guidance to Restricted Persons as to the times and circumstances in which Restricted Persons may deal in Company Securities. This policy includes the following information:
 - (a) a description of what may constitute insider trading;
 - (b) a statement of the times when trading in Company Securities is prohibited or restricted; and
 - (c) the steps for Restricted Persons to take when buying or selling Company Securities.

TRADING IN COMPANY SECURITIES

4. Restricted Persons must not deal in Company Securities at any time when they are in possession of inside information.
5. Restricted Persons must not deal in Company Securities at any other time unless they have obtained written clearance to do so or the trading is excluded from this policy.

INSIDE INFORMATION

Corporations Act requirements

6. In broad terms a person is in possession of "inside information" in relation to the Company in circumstances where the person has or knows of information which is not generally available to the market and, if it were generally available, would be likely to have a material

effect on the price or value of Company's Securities. That is, the information is "price sensitive".

7. Information is generally available where the information is:
 - (a) readily observable;
 - (b) made known in a manner that would, or would be likely to, bring it to the attention of people who commonly invest in Company Securities or securities of a kind similar to Company Securities, and a reasonable period has elapsed to allow the information to be disseminated; or
 - (c) able to be deduced, concluded or inferred from those types of information.
8. If a Restricted Person possesses inside information in relation to the Company, the person must not:
 - (a) buy or sell Company Securities;
 - (b) procure someone else to buy or sell Company Securities; or
 - (c) pass on the information (directly or indirectly) where the person knows, or ought reasonably to know, that the third person would, or would be likely to buy or sell Company Securities or procure someone else to buy or sell Company Securities.
9. The prohibition on insider trading extends to dealings by Restricted Persons through nominees, agents or other associates, such as family members, family trusts and family companies.
10. It does not matter how or where the Restricted Person obtained the inside information. It does not have to be obtained from the Company to constitute inside information.
11. Insider trading is a criminal offence. A Restricted Person who engages in insider trading will be liable to substantial fines and/or imprisonment. In addition, the insider trader and any other persons involved in the contravention, may also be liable to compensate third parties for any resulting loss.

Examples of inside information

12. Examples of information that may be considered to be inside information include:
 - (a) a proposed major acquisition or sale or other significant business development such as a joint venture;
 - (b) significant production, drilling or exploration results;
 - (c) the financial results of the Company and its subsidiaries;
 - (d) projections of future earnings or losses;
 - (e) significant litigation or disputes;
 - (f) a major change to the board or senior management.

CLEARANCE TO DEAL IN COMPANY SECURITIES

13. Any Restricted Person wishing to deal in Company Securities must notify the Chairman (in the case of the Directors) or the Managing Director (in the case of other personnel) of their intention to do so **before** buying or selling Company Securities. Restricted Persons must not buy or sell Company Securities until clearance has been given by the Chairman or Managing Director (as the case may be). Clearance will not be given to trade Company Securities:
 - (a) at any time that the person is in possession of inside information;
 - (b) during any prohibited period, unless exceptional circumstances exist; or
 - (c) at any time when the proposed dealing is in breach of this policy.
14. The procedure that must be followed to obtain clearance is set out below.
15. Clearance is not required at any time for dealing in the Company Securities that is excluded from this policy. Excluded dealing is set out below.

Possession of inside information

16. There is no particular time during which it is "safe" to deal in the Company Securities. The test is whether, at the particular time, the Restricted Person is in possession of inside information. However, as a matter of practice, the following periods are the most appropriate times for Restricted Persons to deal in Company Securities:
 - (a) in the four weeks following the Company's annual general meeting;
 - (b) in the four weeks following the release of annual results;
 - (c) in the four weeks following the release of half-yearly results;
 - (d) in the four weeks following the release of a prospectus or other disclosure document offering equity securities in the Company.
17. Dealings in Company Securities should be limited to these recommended times. Generally clearance will be given during these periods, however, even during these times, there may be occasions where it is not appropriate for Restricted Persons to deal in Company Securities because of their knowledge of actual or pending developments which are not known in the market. There may be, for example, times when the Company is considering a significant transaction that has not yet been notified to the market.

Prohibited trading periods

18. Restricted Persons must not trade in any of the Company Securities during prohibited trading periods. Prohibited trading periods are any "closed period" and any other period declared by the Board during which trading in Company Securities is not allowed.
19. A "closed period" is:
 - (a) the two weeks immediately leading up to and the day after the release of the Company's quarterly report;
 - (b) the two weeks immediately leading up to and the day after the release of the Company's half year results;
 - (c) the day of the Company's annual general meeting; and

- (d) the four weeks immediately leading up to and the day after the release of the Company's full year results.
- 20. The Board of Directors may from time to time declare additional fixed periods of time during which Restricted Persons must not trade in any of the Company's Securities. This will generally occur when the Board of Directors is considering matters that contain material price sensitive information in relation to Company Securities which has not been disclosed to the market.
- 21. Clearance to deal during these prohibited trading periods will be refused unless exceptional circumstances exist.

Exceptional circumstances

- 22. The following matters will constitute exceptional circumstances:
 - (a) severe financial hardship;
 - (b) an undertaking given to, or an order by, a court; and
 - (c) other exceptional circumstances at may from time to time be determined by the Chairman or the Managing Director (where the Chairman is involved).

Other restrictions on dealing in Company Securities

- 23. **No short term trading** - It is against Company policy for Restricted Persons to engage in short term trading of Company Securities (that is, buying and selling within a 12 month period with a view to deriving profit related income from such trading).
- 24. **No trading in products relating to Company Securities** - Restricted Persons must not trade in financial products issued or created over Company Securities by third parties or trading in associated products or entering into transactions in associated products which operate to limit the economic risk of their security holdings in the Company.

PROCEDURES TO BE FOLLOWED TO OBTAIN CLEARANCE TO DEAL IN COMPANY SECURITIES

- 25. **Directors** - Directors (including the Managing Director) must not place an order or commence a transaction to deal in Company Securities at any time without the prior written clearance of the Chairman. Directors must notify the Chairman and the Company Secretary of an intention to trade. The Chairman will process the request for approval as soon as practicable. The Director must subsequently notify the Company Secretary of any trade that has occurred. Written clearance may be by letter, facsimile, electronic or other visible form of communication.
- 26. **Chairman** - The Chairman of the Board of Directors must not place an order or commence a transaction to deal in Company Securities at any time without the prior written approval of the Board of Directors. The Chairman must notify the Board of Directors and the Company Secretary of an intention to trade. The Board of Directors will process the request for approval as soon as practicable. The Chairman must subsequently notify the Company Secretary of any trade that has occurred.
- 27. **Executives, employees, consultants, advisors and contractors** (together "Employees") Employees must not place an order or commence a transaction to deal in Company Securities at any time without the prior approval of the Managing Director. The Employee must notify the Managing Director and the Company Secretary of an intention to trade. The

Managing Director will process the request for approval as soon as practicable. The Employee must subsequently notify the Company Secretary of any trade that has occurred.

EXCLUDED TRADING

28. The following trading situations are excluded from the operation of this Trading Policy. Restricted Persons are not required to obtain written clearance to deal in Company Securities in any of these situations. Subject only to the insider trading prohibition, a Restricted Person may at any time:
- (a) transfer Company Securities already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
 - (b) invest in, or trade in units of, a fund or other scheme (other than a scheme only investing in company Securities) where the assets of the fund or scheme are invested at the discretion of a third party;
 - (c) accept a takeover offer;
 - (d) acquire Company Securities under a rights issue, security purchase plan, dividend reinvestment plan that is available to all holders of securities of the same class;
 - (e) dispose of Company Securities that is the result of a secured lender exercising rights under the loan such as a margin lending arrangement;
 - (f) acquire, or agree to acquire, options or performance rights under a Company share option plan or performance rights plan;
 - (g) exercise options or performance rights acquired under a Company share option plan or performance rights plan or convert convertible securities (but may not sell all or part of the shares received upon exercise of the options, performance rights or convertible securities other than in accordance with this policy);
 - (h) acquire Company Securities under a bonus issue made to all holders of securities of the same class.

DISCLOSURE OF DEALINGS BY DIRECTORS

29. Directors must notify the Company Secretary in writing of all dealings in Company Securities so that the necessary notifications to ASX and ASIC as required by the Listing Rules and the Corporations Act may be made.

CONSEQUENCES OF BREACH

30. Strict compliance with this policy is mandatory for all persons covered under this policy. Breaches of this policy may damage the Company's reputation and undermine confidence in the market for the Company Securities. Accordingly, breaches will be taken very seriously by the Company and will be subject to disciplinary action, including possible termination of a persons' employment or appointment.