



# PHOSPHATE RESOURCES LIMITED

GENERAL MEETING – THURSDAY, 16 MAY 2013

## CHAIRMAN'S ADDRESS

Thank you for taking the time to attend this General Meeting of Phosphate Resources Limited.

This meeting has been called to give shareholders the opportunity of considering and if considered fit, passing the following special Resolution:-

“That, for the purposes of Article 9.2 (a) of the Company's Articles and Section 257C (1) of the Corporations Act and for all other purposes, approval is given for the Company to Buy-Back up to 20% of the Company's Issued Share Capital on the terms and conditions set out in the Explanatory Statement.”

Before moving to the business at hand, let me first introduce Board members and members of the Senior Management Team that are with us today.

We are also pleased to have with us today Mr. Adam Barlow from RSM Bird Cameron Corporate Pty Ltd – (otherwise referred to as RSM). Mr. Barlow will be able to answer any questions shareholders have on the Independent Expert's Report.

This General Meeting was called by way of a Notice sent to all Shareholders on 17 April 2013. The Notice of the Meeting contained:-

- Business of the Meeting (setting out the proposed Resolution)
- Explanatory Statement (explaining the proposed Resolution)\
- Glossary
- Schedule 1 – Independent Expert's Report
- Schedule 2 – Buy-Back Offer Document and Acceptance Form
- Proxy Form

The Explanatory Statement advised that the Company had received indications from a number of shareholders that they wish to be provided with a mechanism for disposing of their shares. Given that the Company has a low level of liquidity as a result of being controlled by a small number of shareholders and given also that the Company is not a listed entity, the Board resolved – subject to shareholder approval – to offer to Buy-Back up to a total of 20% of the Company's Share Capital from those shareholders who wish to realise their investment in the Company.

The Buy-Back is a limit based equal access share Buy-Back open to all eligible shareholders. The Explanatory Statement explains what this means and provides an example of how it might operate if approved by shareholders.

The Explanatory Statement also advises that pursuant to Articles 9.2(a) of the Company's Articles of Association that a special Resolution is required in order to effect a capital reduction. This means the Buy-Back must be approved by at least 75% of the votes cast by shareholders entitled to vote on the Resolution.

The Explanatory Statement explains:-

- How the Buy-Back will be funded by the Company
- The Buy-Back price
- The total number of shares the Company proposes to Buy-Back
- Shareholders eligible to participate in the Buy-Back
- The effect of the Buy-Back on the Company's Share Capital
- The effect on control
- The Financial effect of the Buy-Back
- Advantages and disadvantages of the Buy-Back
- The tax consequences of the Buy-Back
- And other information required to be disclosed

The Explanatory Statement goes on to advise that "The Board feels it is inappropriate to make a general recommendation as to whether eligible shareholders should participate in the proposed Buy-Back. By inviting shareholders to participate in the Buy-Back, the Company is not making any recommendation or providing any advice in relation to either the value of its shares or whether shareholders should participate. Each shareholder must make their own decision as to whether to participate and, if so, to what extent.

Accompanying the Notice of the Meeting is the Independent Expert's Report prepared by RSM.

In its report, RSM explains regulatory guide 110 – Share Buy-Backs – issued by ASIC recommends that – if a company proposes to Buy-Back a significant percentage of the shares or the holdings of a major shareholder, it should consider providing an Independent Expert's Report with a valuation of the shares.

RSM go on to advise that the PRL Directors requested RSM to prepare an Independent Experts Report setting out RSM's opinion as to the value of an ordinary share in PRL on a controlling and non-controlling basis and other factors it considered would be relevant to shareholders assessment of whether or not to approve and/or participate in the proposed Buy-Back.

As mentioned earlier, any questions on the Independent Experts Report may be directed to Mr. Barlow.

I will ask the Company Secretary to report on any proxies that have been received.

Shareholders are invited to ask any questions and make any observations on the Resolution before the Meeting. Once all questions and observations have been received, I will then ask shareholders to vote on the Special Resolution.

Thank you.