



PHOSPHATE RESOURCES
LIMITED

Annual General Meeting

Date: 23 November 2009

Time: 10:30 am

Venue: Perth Zoo

20 Labouchere Road

South Perth, WA

2008-2009 Financial Year

- Most successful and volatile in the history of the Company
- Outcome for the year
 - best ever profit - \$47m after tax
 - longest non productive period
 - closed for 6 weeks at Christmas 2008
 - operated on a care and maintenance basis from late March through to April 2009

Industry Fundamentals

- Industry fundamentals remain compelling
- Growing world population and improved living standards in parts of the world means food production needs to increase
- Climate change and past poor land management practices has reduced the amount of fertile land
- More intensive agricultural practices will continue to be needed to meet food demand – meaning the ongoing need for phosphate and fertilisers
- Signs of economy recovery in Australia and elsewhere suggest that demand could strengthen in the short to medium term

Outcome of the Global Financial Crisis

- Market is still recovering and remains unpredictable
- Competition and soft demand has had a negative impact on prices
- Company continues to trade profitably, although end of year profit figures are expected to be more in line with results in the 2006 and 2007 financial years
- As disclosed last week, the results for the first 4 months are quite encouraging

- The unaudited profit before tax for the period 1 July to 31 October 2009 was \$7,208,242 on total sales of 181,000 tonnes of product
- The unaudited net asset figure of the Company as of 31st October 2009 was \$69,471,960
- It should be noted however that gains from forward hedging of foreign currency account for about 80% of the profit achieved

New Mining Leases

- New mining lease applications for 256 hectares of land on Christmas Island are presently before the Minister for the Environment for consideration
- Christmas Island has major environmental challenges unrelated to mining
- These environmental challenges are outlined in a publicly released report of the Expert Working Group commissioned by the Minister for the Environment

- The Expert Working Group recommended a range of environmental programs to preserve the environmental values of the Island
- The Company has proposed to allocate part of the income received from the new mining leases to Environmental Programs on the Island
- The Government has the choice of funding the recommended Environment Programs by-
 - approving our Mining Lease applications;
 - providing taxpayers funds from Consolidated Revenue; or
 - allowing the environmental values of the Island to be degraded as fauna and flora species are lost

Clearing Permits

- Certain Western Australian Laws apply on Christmas Island under the Christmas Island Act
- In 2006 the Government advised the Western Australian Clearing Permit Regime applied to our mining lease on Christmas Island
- Clearing Permit process has caused considerable administrative uncertainty about our right to access our mining lease

- The Minister responsible for the administration of Christmas Island visited the Island in September 2009 and made it known that he wanted the mine to continue operating in the medium term
- Government Officers are now working to finalise long term Clearing Permits for a large part of the mining lease
- Key issues now appear to have been satisfactorily resolved
- It is expected a broad workable approval will be finalised shortly by agreement between Company and the Attorney Generals Department

Phosphate Resources China

- The onset of the global economic crisis caused prices to fall and weaken demand
- Prices and demand still remain soft
- The Chinese Government has commenced a mine consolidation process. Under this process, our mines have been combined with another mine. It is left to the owners of the respective mines to arrive at an agreement on ownership and Company structure
- The Company impaired this investment on 9 July 2009 with effect from 30 June 2009 by the amount of \$4,200,000
- The Investment remains problematic

New Investments

- Our primary focus in the past year has been on obtaining new mining leases on Christmas Island and ensuring we have access to existing leases
- The Company continues to search for new investment opportunities