

Form 1003

Disclosure notice for unlisted disclosing entity

**ANNEXURE “ A”**

**Phosphate Resources Ltd**

**Impairment of China Acquisition**

The Board of Directors of Phosphate Resources Limited have accepted the advice of its wholly owned subsidiary Phosphate Resources ( China ) Ltd ( Hong Kong) and decided to impair by \$4.2 million the value of the Phosphate Resources ( China) Ltd 59.275% share of the Hua Li mines in Kaiyang County, Guizhou Province, China held in Phosphate Resources (Hua Li) Ltd.

The decision reflects the massive decline of over one third in the recoverable phosphate prices and the reduction in demand since the determination of the acquisition price in May 2008.

Phosphate Resources (China) Ltd have reported that the mining operations remain profitable but the rate of return on investment has declined and the completion of the proposed mine expansion plans have had to be deferred for 2 years as the demand has fallen in line with the global economic downturn.

The entire impairment charge has been allocated to mine development costs.

A handwritten signature in black ink, appearing to read 'K Edwards', with a long horizontal stroke extending to the right.

Kevin Edwards  
Company Secretary  
10 July 2009