



# **PHOSPHATE RESOURCES LIMITED**

ABN 77 009 396 543

# EXPLANATORY STATEMENT

**FOR THE ANNUAL GENERAL MEETING OF THE COMPANY  
TO BE HELD AT THE CONFERENCE ROOM AT  
PERTH ZOO, 20 LABOUCHERE ROAD, SOUTH PERTH,  
WESTERN AUSTRALIA  
(ENTRANCE OFF CAR PARK)  
ON MONDAY 23 NOVEMBER 2009 AT  
10.30AM (WST).**

# PHOSPHATE RESOURCES LIMITED

ABN 77 009 396 543

## EXPLANATORY STATEMENT

DATED 19 OCTOBER 2009

This Explanatory Statement has been prepared to provide background information for the Shareholders of Phosphate Resources Limited (the "**Company**") in connection with Resolutions 1-4 which are the subject of the Annual General Meeting of Shareholders of the Company ("**Shareholders**") to be held at at the Conference Room at Perth Zoo, 20 Labouchere Road , South Perth, Western Australia (entrance off Car Park) on Monday 23 November 2009 at 10.30am (WST).

### 1. ANNUAL FINANCIAL REPORT

- 1.1 The Company has made available to the Shareholders copies of the Annual Report of the Company, including the Financial Statements to 30 June 2009 in accordance with the *Corporations Act 2001*.

### 2. RESOLUTION 1: RE-ELECTION OF CHAN KHYE MENG - AS AN ORDINARY RESOLUTION

- 2.1 Mr Chan is retiring from office in accordance with Clause 16(1)(a) of the Constitution of the Company ("**Constitution**"), which provides that rotation of one third of the relevant Directors is required at every annual general meeting of the Company. In accordance with the Constitution, he offers himself for re-election as a Director of the Company.
- 2.2 Mr Chan is active in the Christmas Island community as a member of the Poon Saan Club and the Chinese Literary Association. Mr Chan, who has lived on Christmas Island for 30 years, is the managing director of his own company on Christmas Island.

### 3. RESOLUTION 2: RE- ELECTION OF CLIVE BROWN - AS AN ORDINARY RESOLUTION

- 3.1 Mr Brown is retiring from office in accordance with Clause 16(1)(a) of the Constitution of the Company ("**Constitution**"), which provides that rotation of one third of the relevant Directors is required at every annual general meeting of the Company. In accordance with the Constitution, he offers himself for re-election as a Director of the Company.
- 3.2 Mr Brown is the former Minister for State Development in Western Australia. He was previously a director of Phosphate Resources Ltd from 1992 to 1999. He has been the Chairman of the Company since June 2007. He is also a director of CI Resources Ltd.

### 4 RESOLUTION 3: APPROVAL OF DIRECTOR'S FEES – AS AN ORDINARY RESOLUTION

- 4.1 The Directors are seeking shareholders approval in accordance with the provisions of Article 19.1 of the Company Constitution for the allocation of an

annual lump sum of \$600,000 for distribution by them in whole or part to the non executive Directors as they determine in payment of Directors fees.

- 4.2 The amount for which approval is sought is the same sum approved for the 2008/9 year and has been determined having regard to the fact that the fees paid to Directors have remained unchanged for 10 years and there are currently 6 non executive directors. If all the sum is allocated, it would be consistent with the mid range of payments to Directors of a company of our size, as established in the 2009 Boardroom Remuneration Review, published by Connect 4 in conjunction with the University of WA.
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