



## **PHILLIPS RIVER MINING LIMITED**

### **ACN 004 287 790**

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## **ENTITLEMENT ISSUE**

## **PROSPECTUS**

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This Prospectus offers each Eligible Shareholder 10,000 New Shares at an issue price of \$0.25 per Share. The Offer is underwritten to \$2,500,000.

If fully subscribed the Offer would raise \$5,300,000 and 21,200,000 New Shares would be issued.

Eligible Shareholders may apply for further New Shares, up to a total of 30,000,000 New Shares to raise a total of \$7,500,000 in all.

The purpose of the Offer is to provide Eligible Shareholders with the opportunity to:

- Obtain a marketable parcel of Shares, prior to the Company's application to have its Shares re-admitted to trading on the ASX, and
- Increase their shareholding at a discount to the purchase price paid by the Company for the Kiwanda Assets.

The Company will use the proceeds of the Offer for general working capital purposes, repayment of loans and the development of the Kiwanda Assets.

The Company intends to apply to the ASX for re-admission to trading after the Offer has closed.

### **IMPORTANT NOTICE**

This document should be read in its entirety. If you have any questions about the New Shares offered in this Prospectus, consult your stockbroker, accountant or other professional adviser.

The New Shares offered in this Prospectus should be considered speculative.

## **TABLE OF CONTENTS**

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<b>1. CORPORATE DIRECTORY</b>	<b>4</b>
<b>2. CHANGES IN THIS PROSPECTUS</b>	<b>5</b>
<b>3. TIMETABLE</b>	<b>10</b>
<b>4. IMPORTANT NOTICES</b>	<b>11</b>
<b>5. DETAILS OF THE OFFER</b>	<b>12</b>
<b>6. COMPANY INFORMATION</b>	<b>16</b>
<b>7. ASSETS</b>	<b>17</b>
<b>8. FINANCIAL INFORMATION</b>	<b>29</b>
<b>9. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES</b>	<b>35</b>
<b>10. RISK FACTORS</b>	<b>37</b>
<b>11. INVESTIGATING ACCOUNTANT'S REPORT</b>	<b>40</b>
<b>12. ADDITIONAL INFORMATION</b>	<b>41</b>
<b>13. APPLICATION FOR OFFICIAL QUOTATION BY ASX</b>	<b>48</b>
<b>14. DIRECTORS' STATEMENT</b>	<b>49</b>
<b>15. GLOSSARY</b>	<b>50</b>

## BACKGROUND TO PROSPECTUS

- On 22 October 2015 Phillips River issued a Replacement Prospectus to shareholders. Based upon comments from ASX and ASIC the Directors decided to close that Prospectus early and issue this new Prospectus.
- The changes to this Prospectus from the previous Replacement Prospectus are:
  - A change to the date of the document to the new lodgment date of 21 December 2015.
  - The deletion of the capacity to trade Entitlements (deleted from Section 5)
  - The addition of an Investigating Accountants Report (see Section 8)
  - The addition of a Material Contracts section (see Section 11)
  - The minimum capital to be raised under the Offer has increased to \$2 million (see Section 5)
- All other matters in the document remain substantially the same.
- To the extent that any shareholder has subscribed to new shares under the Replacement Prospectus then they will be offered the opportunity to withdraw.

**As Shareholders have already received a copy of the Replacement Prospectus we have inserted a new Section 2 which covers the changes which have been made in this Prospectus. All other matters in this Prospectus are materially similar to the previous document.**

## SUMMARY OF ACTIVITIES

- Shareholders approved the acquisition by Phillips River of various assets in 15 May 2015 along with approval to offer to Shareholders an Entitlements Issue to subscribe for further shares.
- This Prospectus is the Entitlements Offer - Shareholders are now invited to subscribe for further Shares in the Company.
- Shareholders should be aware that an investment in the Company should be considered as **SPECULATIVE** as the Company has no experience in mining for phosphate rock and in the absence of a resource report under the JORC Code there is uncertainty regarding the existence of any phosphate rock.
- Shareholders will recall that the primary asset to be acquired is the Bahia Inglesa mine in Chile South America. The Bahia Inglesa mine has been producing and selling phosphate rock as a direct application fertiliser for 25 years.
- The Company has not yet completed the acquisition of the assets as the seller of the mine experienced some regulatory difficulties – these difficulties are in the process of being resolved and it is expected that Phillips River will acquire the various assets and exercise the purchase option on or about 25 January 2016.
- As a result the Directors intend to be mining and selling the products produced at Bahia Inglesa on or about 25 January 2016.

- There are a number of matters which Shareholders need to be aware of:
  - The approval to issue additional shares by the Company to allow the Company to acquire the assets gained at the meeting of shareholders in May 2015 had a time limit imposed on it. The Company has requested ASX to grant a waiver to that requirement. As at the date of the Prospectus the waiver has not been granted by ASX. In the event that the waiver is not granted then the Company will seek a further meeting of shareholders to renew the approval to the acquisition of the assets.
  - The seller of the Bahia Inglesa mine has been fined by local authorities for damaging a paleontology site within the mine area. The Company may not be able to realise the full potential of the mine until that fine has been resolved. The seller and the Company have agreed that in the interim Phillips River will lease the mine under a long term lease from the seller until the damage and fine is resolved.
  - The mine and the other assets to be acquired have not been reported on as resources under the JORC Code and the exploratory work and mining activities have not been explored or reported on to the current regulatory requirements. Accordingly the Directors will make no statements in the Prospectus which relate to the resources to be acquired, the size of the resources or their relevant or expected value. Your Directors have however carried out significant due diligence in respect of the assets and the resources and these reveal the opportunity for future activities. To the extent the regulatory regime allows these will be disclosed in the Prospectus
  - This Prospectus was lodged with ASIC on 21 December 2015. There are various changes in the Prospectus to ensure that the disclosures are appropriate for the issue and based upon requests from ASX and ASIC.

## 1. CORPORATE DIRECTORY

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### **Directors**

Mr. Christopher West (Chairman)  
 Mr. Mark Sumner (Managing Director)  
 Mr. Timothy Koster (Executive Director)

### **Registered Office**

Level 7, 92 Pitt Street  
 Sydney, NSW Australia

Telephone: +61 2 9236 4304

Website: [www.phillipsriver.com.au](http://www.phillipsriver.com.au)

### **Company Secretary**

Mr. Christopher West

### **Share Registry**

Advanced Share Registry Limited  
 110 Stirling Highway  
 Nedlands, WA 6009

Telephone: +61 8 9389 8033

### **Solicitors**

K & L Gates  
 Level 31  
 1 O'Connell Street  
 Sydney, NSW Australia

Facsimile: +61 8 9389 7871

Telephone: +61 2 9513 2409

Facsimile: +61 2 9513 2399

**Auditor**

Deloitte  
Level 9, Grosvenor Place  
225 George Street  
Sydney, NSW Australia

Telephone: +61 2 9322 7000

**Underwriters**

Kiwanda Mines NA LLC  
C/- Level 7, 92 Pitt St  
Sydney NSW 2000

Telephone: +61 9236 4304

**Investigating Accountant**

Nexia Court Financial Solutions Pty  
Ltd  
Level 16, 1 Market Street  
Sydney, NSW Australia

Telephone: +61 2 9251 4600

## **2. CHANGES IN THIS PROSPECTUS**

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1. The date of this Prospectus is 21 December 2015. This replaces the date of 22 October 2015.
2. There is no trading of Entitlements provided for in this Prospectus
3. The relevant parts of Section 8 relating to the Investigating Accountants review are as follows:

### **8.5 Pro-forma balance sheet**

The pro-forma balance sheet as at 30 June 2015 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, although it is in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The pro-forma balance sheet is based on the audited statutory consolidated financial statements as at 30 June 2015 after adjusting for certain pro-forma transactions and/or other adjustments as if they had occurred at 30 June 2015.

The pro-forma balance sheet has been reviewed by Nexia Court Financial Solutions Pty Ltd.

The information in this section should be read in conjunction with the Risk Factors set out in section 10 and other information contained in this prospectus.

<b>CONSOLIDATED A\$</b>	<b>As at 30 June 2015 Audited</b>	<b>Adjustments</b>	<b>As at 30 June 2015 Pro-forma</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	106,809	3,276,807	3,383,616
Trade and other receivables	4,934	-	4,934
Prepayment and other assets	15,071	-	15,071
<b>Total Current Assets</b>	<b>126,814</b>	<b>3,276,807</b>	<b>3,403,621</b>
<b>Non-current assets</b>			
Investment in associates	7,438	168,553	175,991
Mining assets	-	3,167,778	3,167,778
Exploration assets	-	3,346,567	3,346,567
Intangible assets	-	1,870,127	1,870,127
<b>Total non-current assets</b>	<b>7,438</b>	<b>8,553,025</b>	<b>8,560,463</b>
<b>Total Assets</b>	<b>134,252</b>	<b>11,829,832</b>	<b>11,964,084</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	84,822	(74,089)	10,733
Provisions	-	383,086	383,086
Interest bearing loans and borrowings	-	928,591	928,591
<b>Total current liabilities</b>	<b>84,822</b>	<b>1,237,588</b>	<b>1,322,410</b>
<b>Non-current liabilities</b>			
Deferred tax liability	-	1,314,216	1,314,216
<b>Total non-current liabilities</b>	<b>-</b>	<b>1,314,216</b>	<b>1,314,216</b>
<b>Total Liabilities</b>	<b>84,822</b>	<b>2,551,804</b>	<b>2,636,626</b>
<b>Net Assets</b>	<b>49,430</b>	<b>9,278,028</b>	<b>9,327,458</b>
<b>Equity</b>			
Issued capital	58,593,923	7,623,286	66,217,209
Reserves	617,111	1,786,151	2,403,262
Accumulated losses	(59,161,604)	(131,409)	(59,293,013)
<b>Total equity</b>	<b>49,430</b>	<b>9,278,028</b>	<b>9,327,458</b>

## Adjustments

1. **Additional borrowings** – subsequent to 30 June 2014, the Company has drawn down a further A\$700,000 in funding under the short term loan agreement with Kiwanda Australia to provide additional working capital to the Company and for additional funding to the Coal Alliance and Phosphate Alliance.
2. **Acquisition** – the pro forma adjustments relating to the Acquisition as set out in section

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- 11 under Material Contracts. The pro forma adjustments reflect updated valuations prepared by the Independent Valuer in December 2015 and Directors' valuations of the BiFox/SCM Option and Escalones Option based on the updated valuations. The adjustment includes the deferred tax liability impact in respect of the fair value adjustments.
3. **Offer** – the adjustments reflect the impact of the Offer on the basis that the Offer is fully subscribed raising \$5,300,000. The cash proceeds are net of expenses of \$519,124 as set out in section 11.
  4. **Repayment of loans** – the pro forma adjustments reflect the payment of US\$720,000 under the terms of the Acquisition as set out in section 7 and issue of shares in satisfaction of the convertible notes as set out in section 8.4.4.
  5. **Initial payment under the Bifox/SCM Option** – the adjustments reflect the payment of US\$400,000 for the execution of the Bifox/SCM Option as set out in section 7.
4. The minimum capital to be raised in this Prospectus is \$2million. The change to the Prospectus reads as follows: The cash balance available to the Company for its development plans including the minimum amount of any subscriptions received under the Entitlements Issue from other than the Underwriter will be sufficient for the Company to complete its activities. The Company has made all calculations under this offer using estimated Entitlements Issue proceeds of \$2,000,000 which would result in available minimum net cash to the Company of approximately \$2,200,000. This minimum amount has been chosen as the reasonable amount that the Directors believe will leave the Company in a sound financial position

5. The material contracts in Section 11 are as follows:

## **Material Contracts**

### **(i) Heads of Agreement**

The Heads of Agreement provides the Company with the rights to acquire the Kiwanda Assets for a mixture of cash and Shares. Pursuant to the Heads of Agreement, the price nominated for share-based acquisitions was \$0.30 per Share. Various milestones need to be achieved before the Company is obliged to pay the full purchase price to the Vendors as disclosed in the Explanatory Statement.

A further detailed description of the Heads of Agreement is contained in the Explanatory Statement.

### **(ii) Underwriting Agreement**

Kiwanda Mines (being the Underwriter), has agreed to partially underwrite the Entitlement Offer (Underwritten Shares). Kiwanda Mines will not receive any fees or commissions for underwriting the Entitlement Offer up to a maximum of \$2,500,000. Kiwanda Mines has provided loans to the Company (Loans). By the Closing Date the loan amount is expected to be higher as the Company continues to undertake its business. The loans are used to maintain the Company (including accounting, audit, working capital, tax advice and returns,

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legal costs and various other expenses and to enable it to complete due diligence plus the advancement of the projects including mine planning, JORC estimation, capital acquisitions and similar).

The Company may elect to repay these loans in cash. Alternatively, Kiwanda Mines may elect to set-off any amounts that the Company owes to Kiwanda Mines for the repayment of these loans on the terms of the loans at the Offer price as payment for the Underwritten Shares up to a maximum of \$2,500,000. These are the investors in the Kiwanda Mines Convertible Note issue. There are 141 investors in the programme and each will become a shareholder in Phillips River.

### **(iii) BiFox Option Agreement**

The "Fourth Extension Agreement" was entered into 1 October 2014 between Kiwanda Chile SA, SCM Bahia Inglesa (SCMI) and Compania Minera De Fosfatos Naturales Limitada (BiFox Ltda) (BiFox Option Agreement). The BiFox Option Agreement grants Kiwanda Chile SA an option to purchase 280 phosphate mining tenements owned by SCMI and 941 phosphate mining tenements owned by BiFox located in Santiago, Chile, in consideration for certain scheduled payments and royalties as set out in the BiFox Option.

### **(iv) Pelaya Option Agreement**

The "Letter of Intent ("LOI") Option over Coal Mining Concession Area located in Pelaya (Colombia)" was entered into 10 August 2013 between Andean Coal (BVI) Ltd and Marlen T Coronado, Miguel O J Rodriguez, Carlos A C Giron, German Reyes and Gustavo A Sanchez (Pelaya Option Agreement). The Pelaya Option agreement grants Andean Coal (BVI) Ltd (a related entity of Kiwanda) an option to acquire all interests in Carbones De Pelaya S.A.S (Carbonos). Carbonos holds certain mining interests in Colombia as set out in the Pelaya Option Agreement.

### **(v) Andean Phosphate Alliance Agreement**

The "South American Phosphate Alliance Agreement" was entered into on 12 December 2011 between Kiwanda Group LLC and Lara Exploration Ltd (Phosphate Alliance Agreement). The Coal Alliance Agreement sets out the terms and conditions between the partnership with Kiwanda and Lara with respect to the evaluation, acquisition and exploration, development and mining of coal within Chile and Colombia

### **(vi) South American Coal Alliance Agreement**

The "South American Coal Alliance Agreement" was entered into on 9 July 2012 between Kiwanda Mining Partners LP (Kiwanda Partners) and Lara Exploration Ltd (Coal Alliance Agreement). The Coal Alliance Agreement sets out the terms and conditions between the partnership with Kiwanda Partners and Lara with respect to the evaluation, acquisition and exploration, development and mining of coal within Peru and Colombia.



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All other matters are substantially similar to the original Replacement Prospectus which was sent to Shareholders.

### 3. TIMETABLE

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**This Offer of Shares will close on 29 January 2016.**

Shares under the Offer will be allotted and issued immediately after the Offer has closed.

The Company, reserves the right to amend the Closing Date without notice, including (subject to the ASX Listing Rules and the Corporations Act), to close the Offer early, to extend the Offer, to accept late applications, either generally or in particular cases, or to withdraw the Offer before the allotment of New Shares.

If the Offer is withdrawn before the allotment of New Shares, all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.



*Bahia Inglesa Plant*

## **4. IMPORTANT NOTICES**

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### **OFFER**

This Prospectus is issued by Phillips River Mining Limited (ACN 004 287 790). This Prospectus offers each Eligible Shareholder an entitlement to acquire up to 10,000 New Shares at an issue price of \$0.25 per Share. A subscription for 10,000 New Shares would be \$2,500.

In addition Eligible Shareholders may apply for any number of further New Shares under the Prospectus up to the maximum 30,000,000 New Shares in total.

### **RISK FACTORS**

Subscribing for New Shares in the Company involves a number of risks. The key risk factors are set out in **Section 9** of this Prospectus. They should be read carefully.

### **APPLICATION FOR RELISTING**

Application for Official Quotation of the New Shares and re-listing of the existing Shares will be made to the ASX within 7 days after the date of this Prospectus.

The fact the ASX may grant Official Quotation to the New Shares and re-list the existing Shares is not to be taken as an indication of the merits of the Company or the New Shares offered in this Prospectus

### **NOTE TO INVESTORS**

This Prospectus is dated **21 December 2015** and the Offer commences on that date.

This Prospectus has been lodged with ASIC. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares may be issued on the basis of this Prospectus later than 13 months after the date of the original Prospectus dated 6 October 2015. No person is authorised to give information or to make any representation in connection with this Prospectus, which is not in the Prospectus. Any information or representation not in this Prospectus may not be relied on as being authorised by the Company in connection with this Prospectus.

It is important to read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. No person guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus.

### **FORWARD LOOKING STATEMENTS**

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus.

Such factors include, but are not limited to:

- work expenditure commitments;
- the ability to raise sufficient capital to fund future exploration or development programs; and
- phosphate and coal qualities.

### **FINANCIAL AMOUNTS**

The financial amounts in this Prospectus are in Australian dollars unless otherwise stated.

## ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the Company's website at [www.phillipsriver.com.au](http://www.phillipsriver.com.au).

The Corporations Act prohibits any person giving another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

## 5. DETAILS OF THE OFFER

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### Offer

The Company is offering each Eligible Shareholder an Entitlement to 10,000 New Shares at an issue price of \$0.25 per New Share.

Eligible Shareholders may sell or transfer all or part of their Entitlement.

Each Eligible Shareholder may elect to **subscribe** for all, or any part, of their Entitlement.

Eligible Shareholders may elect to apply for more New Shares than their Entitlement under the Offer. There is no limit on the number of New Shares which may be applied for. The Company has received Shareholder approval to issue up to 30,000,000 New Shares under the Offer.

### Purpose of the Offer

The primary purpose of the Offer is to provide Eligible Shareholders with the opportunity to obtain a marketable parcel of Shares, prior to the Company's application to have its Shares re-admitted to trading on the ASX.

The Offer if fully subscribed will raise \$5,300,000.

The Company will use the proceeds of the Offer for general working capital purposes, repayment of loans and the development of the Company's Assets.

Proceeds of the Offer:	Fully subscribed	Underwritten Shares
Development of the Kiwanda assets and Working Capital	\$2,280,000	\$0
Repayment of Loans	\$2,500,000	\$2,500,000
Expenses of the Offers	\$520,000	\$0
<b>Estimated total</b>	<b>\$5,300,000</b>	<b>\$2,500,000</b>

The Offer is underwritten for the value of the Underwritten Shares, which will result in at least 10,000,000 New Shares being issued irrespective of any subscription by Eligible

Shareholders. In the event the Company does not achieve full subscription and only raises funds for the Underwritten Shares, the funds raised will be applied in the manner set out above.

### **Issued Capital**

As at the date of this Prospectus the Company has 3,205,339 Existing Shares on Issue. Based on the number of Shareholders at the date of this Prospectus and their Entitlement, up to 21,200,000 New Shares could be issued, which would raise \$5,300,000.

The issue of 30,000,000 New Shares would raise a maximum of \$7,500,000.

### **Ranking of New Shares**

The New Shares will be fully paid ordinary shares ranking equally with all Existing Shares.

### **Minimum Subscription**

There is no minimum subscription.

### **Your Options**

Your options are:

- Take up all 10,000 shares of your Entitlement;
- Take up less than your Entitlement of 10,000 shares;
- Apply for more than your 10,000 shares Entitlement;
- or
- Let your Entitlement lapse.

### **How to Participate in the Offer**

If you wish to participate in the Offer there are two possible payment methods:

- BPAY; or
- Cheque payment

#### **BPAY**

If you elect to participate in the Offer and pay for your New Shares by **BPAY** you do not need to complete the Entitlement and Acceptance Form – the payment to the Company will be taken as acceptance by you of the conditions on the Entitlement and Acceptance Form.

You will be taken to have applied for that whole number of New Shares represented by your application monies – this could be for your Entitlement, less than your Entitlement, or more than your Entitlement.

#### **Cheque payment**

If you elect to pay by cheque you must complete the Entitlement and Acceptance Form in Annexure A at the back of this Prospectus and send it to the Share Registry attaching your cheque to your Entitlement and Acceptance Form.

When paying by cheque complete the Entitlement and Acceptance Form:

- Fill in the number of New Shares you wish to apply for;

- Attach your cheque for the full number of New Shares applied for at \$0.25 per New Share and make the cheque payable to:

**“Phillips River Mining Limited Share Issue”;** and

- Send the Form to the Company either by email to [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
or
- mail it to:

**Phillips River Mining Limited  
C/- Advanced Share Registry Limited,  
PO Box 1156,  
Nedlands WA 6909**

If you wish to apply for more than your Entitlement you will definitely receive in the minimum your Entitlement of 10,000 New Shares. Any additional New Shares to be allocated will depend upon overall demand for New Shares:

### **Closing Date**

The Closing Date for the Offer is 29 January 2016 (**Closing Date**).

New Shares will be allotted immediately upon ASX advising that the Company's Shares will be reinstated, and statements of shareholding will be posted at that time.

The Directors reserve the right to vary, or extend the Closing Date.

### **Underwriting, Repayment of Loans and Cash Balances**

This Offer is partially underwritten (**Underwritten Shares**) by Kiwanda Mines.

The terms of the underwriting agreement are detailed in Section 10.2 (*Underwriting*) of this Prospectus.

The extraordinary general meeting of Shareholders held on 15 May 2015 authorised a number of matters including the issue of 10,000,000 New Shares in repayment of Loans. These New Shares have been issued in part repayment of the Loans outstanding.

The Company will therefore receive new money equal to the amount of any Subscriptions received from the Entitlements Issue. The underwritten portion from Kiwanda will be used to repay the Loans.

The cash balance available to the Company for its development plans including the minimum amount of any subscriptions received under the Entitlements Issue from other than the Underwriter will be sufficient for the Company to complete its activities. The Company has made all calculations under this offer using estimated Entitlements Issue proceeds of \$2,000,000 which would result in available minimum net cash to the Company of approximately \$2,200,000. This minimum amount has been chosen as the reasonable amount that the Directors believe will leave the Company in a sound financial position. Any amount raised in excess of this minimum will accelerate the development timetable of the assets of the Company. There is no guarantee that this minimum amount will be achieved. The consequences for the Company would be to amend its development timetable if there was a minor shortfall from the minimum estimated proceeds. If the amount raised is significantly less than the minimum amount then the company may not proceed with the issue and the Directors would need to consider the future direction of the Company and

whether it could continue to operate.

The Company has not received any commitments from any Shareholder in respect of their participation in the Offer.

### **ASX Listing**

Application for Official Quotation by ASX of all Shares in the Company will be made to the ASX within 7 days after the date of this Prospectus.

If the ASX does not grant Official Quotation of the shares in the Company within 3 months of the Offer closing then the Company will not issue any New Shares and will return all Application Monies (without any interest).

### **Acceptance and Allotment**

At the Shareholders Meeting convened on 15 May 2015, Shareholders approved all four resolutions set out in the Explanatory Statement.

Pursuant to "Resolution 4" of the Explanatory Statement, shareholders approved the issue of up to 30,000,000 shares pursuant to this Offer.

ASX Listing Rule 14.7 ensures that an issue of securities approved by security holders conform to the terms on which security holder approve for the issue was obtained. The period within which the Company was required to issue the New Shares pursuant to this Offer expired on 14 August 2015 (being the permitted three-month period from the date of the Shareholders Meeting).

The Company's delay in finalising this Prospectus and therefore issuing any New Shares has arisen due to uncertainty with respect to the transfer of title of the Phosphate Assets from SCM and BiFox. This uncertainty has been caused by protracted negotiations between SCM and BiFox and Chilean authorities in Copiapo with respect to certain conditions imposed by the Chilean authorities on the transfer of the phosphate mining tenements at Bahia Inglesa, Copiapo by the Vendor. As of the date of this Prospectus, SCM and BiFox and the Company have agreed as to the manner by which those conditions may be satisfied so as to allow the Heads of Agreement to proceed as proposed in the Explanatory Statement.

On this basis, the Company is in the process of requesting a waiver from the ASX from Listing Rule 14.7 so as to permit the Company to issue the New Shares beyond the regulatory three-month issue period.

If the Company fails to obtain such a waiver from the ASX, the Company will seek re-approval from Shareholders at a new shareholders meeting with respect to the Resolutions set out in the Notice of Meeting.

Pursuant to either a waiver from the ASX or re-approval by Shareholders, the New Shares will be allotted in accordance with the ASX Listing Rules.

Pending the allotment and issue of the New Shares or payment of refunds all Application Monies will be held in trust for the Applicants in a separate bank account. The Company will retain all interest that accrues in the bank account.

## **Withdrawal**

The Company may at any time withdraw this Prospectus and the Offer and return all Application Monies in accordance with the Corporations Act and ASX Listing Rules.

## **Enquiries**

If you have any queries about your Entitlement or how to participate in the Offer, contact Phillips River Mining Limited on +61 2 9236 4304 from 9:00 am to 5:00 pm (AEST).

## **6. COMPANY INFORMATION**

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### **COMPANY INFORMATION**

The Company is an Australian public company listed on the official list of the ASX (ASX code: PRH). The securities of the Company are presently suspended from Official Quotation following Shareholder approval to a change in the nature of the Company's activities.

The Company was incorporated on 18 April 1951 and first admitted to ASX on 28 January 1993. In recent years, the Company has operated as a materials company, with a focus on the acquisition and development of gold, silver, copper and other base metals exploration projects.

On 15 May 2015 there was a meeting of Shareholders which approved the Acquisition of the Kiwanda Assets. The Assets of the company were fully described in the Explanatory Statement. The Explanatory Statement and supporting documents are available on the Company's website: [www.phillipsriver.com.au](http://www.phillipsriver.com.au);

The primary Assets of the Company are located in South America with a presence in Chile (Copiapo, Bahia Inglesa) and Colombia (Bogota).

### **DIRECTORS**

#### **Christopher West – Chairman**

Chris West has over 30 years of experience in corporate finance and resource funds management. He is the head of Spar Capital, a boutique fund manager. Between 1991 and 2007, Chris was the Head of Corporate Finance and Funds Management at Allco Finance Group, where he led a corporate finance and funds management team in over \$30 billion of public and private financings and had over \$15 billion in assets under management. Prior to Allco, Chris was the head of project finance and resources at State Bank of New South Wales, where he led a team geologists and engineers managing a \$1.5 billion portfolio of resource assets across coal, iron ore, oil & gas, bauxite and copper. Chris holds a Bachelor of Commerce from the University of New South Wales and a Master of Business Administration from the University of Sydney.

#### **Timothy Koster - Executive Director**



Mr Koster is an investment banking and business development professional with over 30 years of experience. He has a strong track record of establishing, financing and developing investment and operational businesses. Mr Koster established Azure Water and Energy Infrastructure Fund focused on Middle East water and energy utility assets. He also established Convergence Capital, a structured finance and business development investment bank, based in Australia and the Dubai International Finance Centre. He has funded several acquisitions and divestments of mining assets in Australia and China.

#### **Mark Sumner – Managing Director**

Mark Sumner is the founder of Kiwanda Group. Prior to founding Kiwanda Group in 2008, Mark was an investment specialist at Madison Avenue Financial Group, a private wealth boutique with approximately \$220 million in assets under management. Since 2008, Mark has been the Managing Director of Kiwanda Group. As Managing Director of Kiwanda Group, Mark has arranged private and public equity investments into oil, natural gas, gold, zinc/lead, iron ore and gold projects in Asia, South America and Sub-Saharan Africa.

#### **Other Directors**

It is the intent of the Directors to expand the number of Directors as the assets are developed to ensure a suitable level of expertise is added to the board. Lara Exploration Limited holds a right to appoint a Director to the Board at its discretion.

## **7. ASSETS**

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The Company holds rights to acquire the Kiwanda Assets for a mixture of cash and Shares. The price nominated for share-based acquisitions was \$0.30 per Share. Various milestones need to be achieved before the Company is obliged to pay the full purchase price to the Vendors as disclosed in the Explanatory Statement.

The primary objective is to expand the operations of the Company's Assets in a professional way to generate cash flow at the earliest opportunity.

#### **Phosphate**

The Bahia Inglesa phosphate mine in northern Chile has been in active production for about 25 years.

We plan to undertake sufficient exploration and mine planning activities to produce a JORC Report, while continuing the existing mining operation. The Company's plan is to attempt to increase existing phosphate production on-site from its current 10,000 tonnes per annum ("tpa") to initially 50,000tpa. 50,000tpa is level of production which the Company initially aspires to. That level of production may not be achieved and may be affected by many factors including no phosphate resource or insufficient phosphate to support that level of production.

Subsequent activities will seek to increase production further. Such increase in production is subject to the Company exercising the BiFox/SCM Option to purchase the tenements on which the mine is established and the Company entering into the Purchase Option Agreement. The signing of the Purchase Option Agreement is subject to the agreement's finalisation, the capability of BiFox and SCM to provide title, and the Company's capacity to commence mining with the existing contractor.

The Company intends to exercise the BiFox/SCM Option on or about 25 January 2016. This notice has been formally given and the vendors have agreed to provide a full access lease of the mine to the Company in the event that they are unable to transfer good title on the date to Phillips River. This documentation and the lease are in preparation as at the date of the Offer and are expected to be signed during the period that the Offer is open.

The existing on-site mining equipment has been assessed by the Company's advisors as being capable of producing the 50,000tpa intended by the Company. This does not mean that the equipment will be able to produce 50,000tpa and it may not be able to produce that amount. While historically the equipment has produced that amount of product, historical activities should not be taken as a guide to future activities.



*Existing*

*Bahia Inglesa plant and equipment*



*Bahia Inglesa mine yard*

The mining operations are carried out by a local mining contractor who has been in place for many years. The Company has agreed to continue using the existing mining contractor for the mine after acquisition.

The mine has not been estimated or measured as a JORC compliant resource. The Directors and their advisers have carried out due diligence in respect of the operations. The Directors are satisfied that phosphate is produced from the mine and that it exists. The phosphate rock product is on the surface and near to the surface (pellets and fines). The mine is in the Atacama Desert with minimal vegetation coverage. The license area is quite large – basically a rectangular plot approximately 20 kilometers by 12 kilometers.

The Company carried out a trenching programme in July 2015 which confirmed previous drill results undertaken by the government and by the vendor. None of this work satisfies the JORC Code for reporting a resource and accordingly we do not provide the results under the ASX regulatory framework, or the previous results from drilling activities.

The material gathered under the trenching programme was sent to laboratories in Canada and was checked by the on-site laboratory in Bahia Inglesa. Concentrations of P<sub>2</sub>O<sub>5</sub> (phosphorous pentoxide) the active constituent in phosphate rock, occurred in a range consistent with the original studies carried out by the Chilean government authorities and the product sold by the existing mine owner. Both laboratories provided similar results.

The Company has carried out laboratory tests on random samples of the retail based product currently produced at the mine – the label on the bag placed the P<sub>2</sub>O<sub>5</sub> at 19%. The existing operations produce a bagged product (small and large bags) which are delivered directly to distributors and farmers. The phosphate rock produced and sold is a direct application fertiliser at a notional and labelled 19% P<sub>2</sub>O<sub>5</sub> which suits the acidic Chilean soils.

The capacity to increase production to initially 50,000tpa and subsequently higher levels has a number of risks and conditions which need to be satisfied, these include and are not limited to the Risks outlined in Section 9 of the Prospectus. Other matters to be satisfied include:

- The existence of sufficient raw material to actually produce bags of phosphate rock. While the Directors have some confidence on this matter there is no JORC compliant resource measurement in place. Should there prove to be insufficient resource or in too low a concentration available then the Company will be unable to produce sufficient product to satisfy its objective of producing and selling 50,000tpa.
- The existing mining contractor may not be able to produce sufficient quantity of product or may mismanage its operations. This would mean that even though the contractor and staff have been on-site for an extended period of time that there would be insufficient product produced to reach the objective of 50,000tpa.
- The Company has retained the existing General Manager of the mine on a 3 year contract. The General Manager may prove to be ineffective in running the mine and its operations particularly at higher levels of production in which case the Company's capacity to reach its objective of 50,000tpa of product would be compromised or not achieved.
- In particular Investors should note that the Company may never achieve the stated objective of increasing production to 50,000tpa.
- The ongoing provision and periodic renewal of mining permits and licenses is necessary to ensure the product can be produced.

Historical mining costs at Bahia Inglesa have ranged between US\$45 and US\$75 per tonne. Recent sale prices of the Bahia Inglesa product have typically been from US\$115 to US\$125 per tonne on a delivered basis in Santiago, Chile. Past results are not indicative of future performance and the Company can give no assurance that these mining costs will be able to be achieved in the future.

No forecasts of future financial performance have been included in this Prospectus. As production is increased certain fixed costs are spread over a larger production base and the cost per tonne decreases.

The proposed further exploration program involves a drill program and basin floor modeling. The Directors have established a target JORC resource for the entire site (both Bahia Inglesa and Ki). Permits and environmental approvals are in place for the drill program and existing licenses are in place for mining operations of 50,000 tonnes per annum.

## Competent Person's Statement

The information in this Prospectus that relates to the mining assets is based on information compiled by Andre Gauthier who is qualified to provide such information under the 2012 edition of the JORC Code. Andre Gauthier is a consultant to Gold Holdings Limited and has been retained by Phillips River. Andre Gauthier has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which is being undertaken to qualify as a Competent Person as defined in the JORC Code.

Andre Gauthier has consented in writing to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears. The original report dated 2 April 2015 may be viewed as the attachment to the Explanatory Memorandum prepared for the Company's General Meeting held on 15 May 2015. The report is available to view on the Company's website [www.phillipsriver.com.au](http://www.phillipsriver.com.au)

The Company is not aware of any new information other than the information in this Prospectus. A direct extract from the original JORC report for the Bahia Inglesa mine prepared by the Competent Person follows:

### ***"Bahia Inglesa***

*The phosphate mineralization at Bahia Inglesa was initially located on the follow up of airborne radiometric anomalies by the Chilean state agencies CORFO (Corporación de Fomento) and CCHEN (Comisión Chilena de Energía Nuclear). The focus of initial investigation was to locate a potential uranium resource. Phosphate was subsequently discovered at the site. CORFO and CCHEN conducted an extensive exploration program in the project area from 1983 to 1985. Work included geologic mapping, 929 meters of reverse circulation drilling in 50 drill holes, 154 vertical meters of pitting in 27 pits and surface sampling, various metallurgical test work and resource studies. CORFO and CCHEN calculated total resources in all categories for P2O5. They then estimated the size of the resource (**Noted: Directors have deleted the reference to the reported size of the resource as it is not JORC compliant**) The resource estimate was completed in the 1980's and is not compliant with the JORC mineral reporting code.*

*The Bahia Inglesa phosphate deposits are typical of sedimentary hosted phosphate deposits and are hosted in the Miocene to Pliocene formations of the Bahia Inglesa Formation. This is comprised of up to 42 m siltstones, fine sands, shelly coquinas pebble beds, and phosphate-rich rocks deposited on a crystalline basement, composed of Paleozoic metamorphic rocks and Cretaceous granitoids. These deposits represent a near shore shallow marine setting. It is partially covered in some localities by a thin cover of Pliocene clastic and chemical sediments.*

*The principal target area lies in a 20 km by 12 km graben-like basin along the coast between Bahia Inglesa and the Copiapó River. Within the broad target area outliers*

*of basement occur and there are a number of sub-basins separated by basement highs. Phosphate mineralization occurs in the upper part of the Bahia Inglesa Formation in 3 different stratigraphic locations. The Lower Phosphate Manto is an extensive unit 0.1 to 0.4 meters thick and is hosted within the lower part of a sandstone-siltstone unit. One to 2 meters above the Lower Phosphate Manto is the Main Manto which is up to 2 meters thick and consists of a phosphate pebble conglomerate. The third type of mineralization is described as fluvial deposits which are up to 7 meters thick and consist of conglomeratic units interbedded with phosphatic sandstones. Clasts in the conglomerates are described as consisting of 70% phosphorite and 30% basement lithologies.” END OF EXTRACT FROM COMPETENT PERSON’S JORC REPORT*

## **Phosphate Rock**

Phosphorus is one of the essential nutritional elements for plant growth.

- Phosphorus is consumed as the part of the principal component of the nitrogen-phosphorus-potassium fertiliser cycle used on food crops.
- Phosphate rock minerals are the only significant global resources of phosphorus.
- Major producing countries of phosphate rock include: Morocco, USA, Russia, Tunisia, South Africa.
- Major producers include: Yuntianhua Group; Mosaic Co.; Groupe OCP; PhosAgro; CPG-GTC; Foskor.

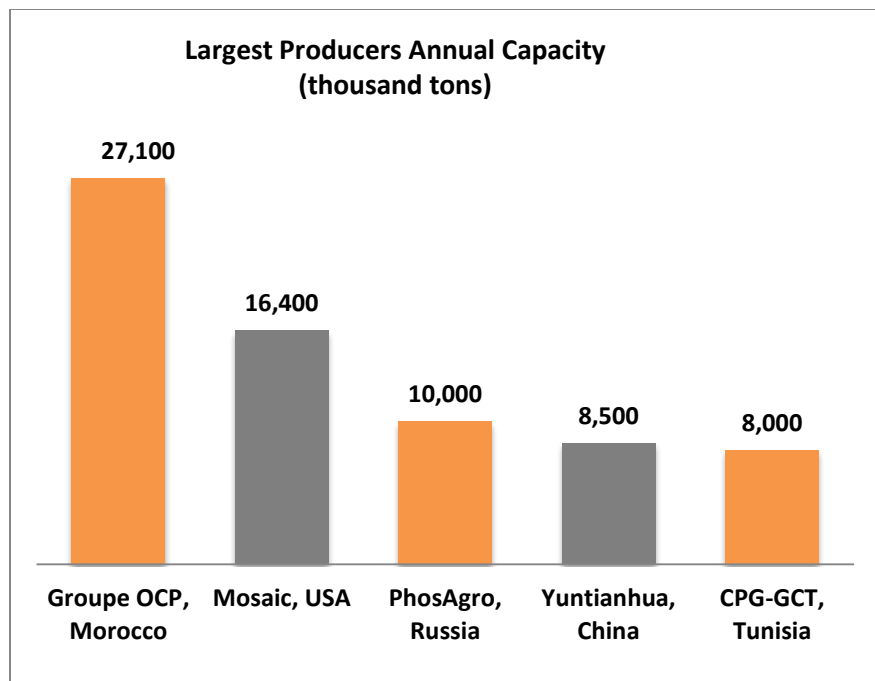
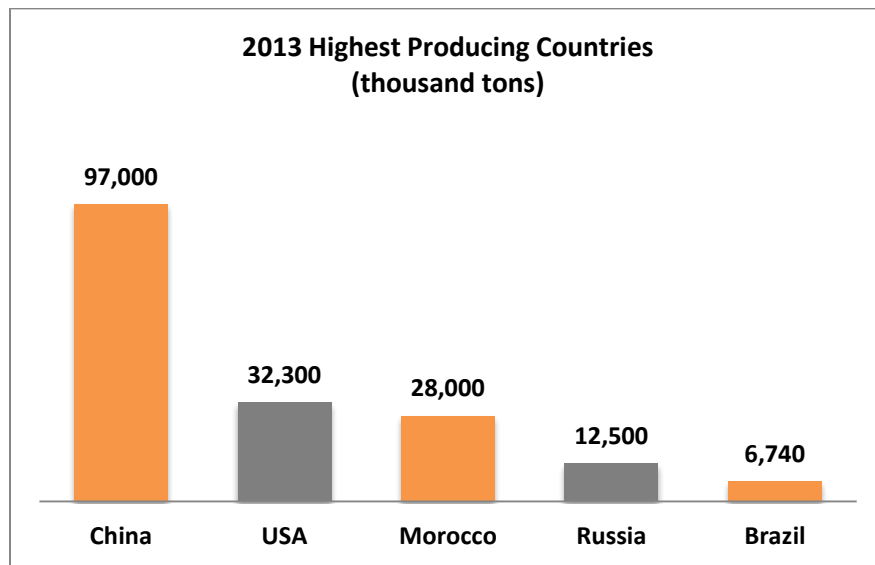


*Bahia Inglesa Rock Phosphate Nodules*

- Most phosphate rock goes into the production of phosphate based chemical fertilisers (eg MAP and Diammonium Phosphate (DAP) or more commonly known as superphosphate).
- Corn and cotton are the most nutrient intensive crops and typically consume more phosphate rock than most common crops.

*Sources: USGS Mineral Commodity Summary: Phosphate Rock 2013, CRU Group Phosphates 2013*

## The Market for Phosphate Rock



Sources: USGS Mineral Commodity Summary: Phosphate Rock 2013  
CRU Group Phosphates 2013

## Major Markets

- Latin America is expected to account for 19.3% of the future annual demand growth for phosphate rock.

- Expected growth rate in global demand for phosphate-based fertilisers is approximately 2%pa.
- Brazil's demand growth is expected to grow by more than 5% annually in the next 5 years.
- Latin America currently imports the majority of its consumed phosphate rock from Morocco.

### **Chilean Phosphate Market**

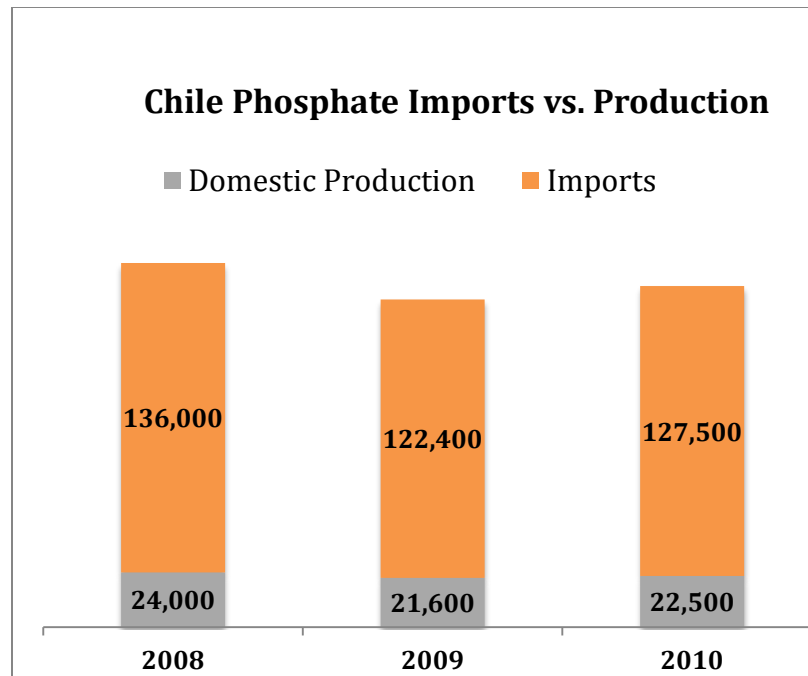
Chile currently imports 85% of its annual phosphate rock and phosphate-based fertiliser needs in the form of super phosphate, Diammonium Phosphate (DAP) from USA and Mexico and Monoammonium Phosphate (MAP) from USA.

The Company's main objective is to satisfy Chilean demand for phosphate and phosphate based fertilisers. Following this the other nearby markets of Argentina and Brazil will be targeted. The Company will be targeting price based results and will not be limited by individual markets or a desire to only satisfy local demand.

The Chilean market for phosphate rock lies to the south of Bahia Inglesa, straight down the Pan American highway. Road transport is simple and effective even though the main agricultural areas are between 300 and 800kms south. At targeted production of 100,000tpa this would be truck movements of less than 10 per day.



*Unmined license area to horizon*

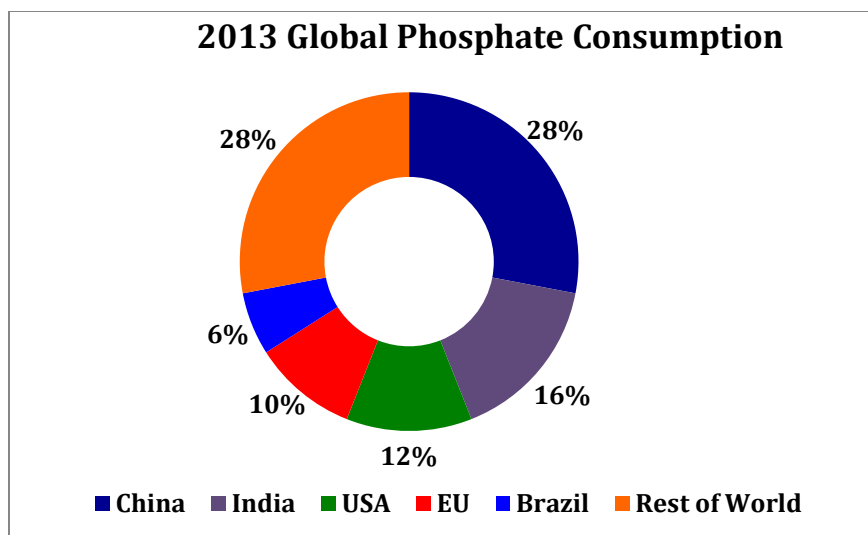


Sources: CRU Group 2013  
 Agrium 2011 Annual Report  
 USGS Minerals Industry of Chile 2012

There is also direct road access between Chile and Argentina, Brazil, Uruguay and Bolivia. The easiest secondary market after Chile, for Bahia Inglesa phosphate is the northern Argentinian agricultural areas. There are a number of roads linking Copiapo to the border with Argentina. These roads then lead on to the northern provinces of Argentina and the southern states of Brazil and its agricultural areas.

Brazil is Latin America's largest fertiliser consumer and accounts for 57% of all Latin American fertiliser consumption. Over 50% of fertiliser consumed in Brazil is imported by sea and then trans-shipped internally to the agricultural areas.





*Global population is projected to reach over 9 billion by 2050. Global crop output will need to expand to meet the larger population demand for food – by increased yields and expanded acreage.*

Sources: Mosaic Co. Annual Report; World Agriculture Towards 2030/2050: June 2012. Agricultural Development Economics Division. FAO of the United Nations; United States Census Bureau 2014; CRU Group Phosphates 2013

Argentina is the region's second largest fertiliser consumer and the second largest phosphate importer in the region. Due to the direct road access, the Company will be competitive in product delivery to the region's largest phosphate users. As these agricultural areas are well inland the Company will hold a competitive price advantage. Alternative users will need to import by ship and then transport via road – the product from Bahia Inglesa will be directly loaded onto trucks and transported via road with no trans-shipping requirements.

There is also a freight train service which runs from Antofagasta, Chile (to the north of Bahia Inglesa) to Salta Province in Argentina. This service currently carries numerous bulk products including lithium, copper, salt, borax, butane etc.

The Bahia Inglesa phosphate mine sells marine chemical sediment phosphate rock (phosphorus pentoxide) with minor processing is upgraded to market levels. It is noted that the existing product is sold in bags marked as 19% P<sub>2</sub>O<sub>5</sub> direct application fertiliser. Distributors have stated that the product competes successfully with global phosphate rock providers.

Phosphate rock for agricultural users is determined by the general reactivity of the product. All products are not the same. Bahia Inglesa produced phosphate rock is comparable to rock produced in North Carolina, Florida and Morocco, so it sits broadly in the middle of the range of global suppliers. In the final analysis the Bahia Inglesa phosphate rock product can be sold as feedstock into the wholesale market for superphosphate where it is not sold as direct application fertiliser.

## PHOSPHATE ASSETS

### 1. Bahia Inglesa

The Company has the right to acquire 100% of certain mining licenses at Bahia Inglesa, Copiapo, Chile covering 6,090 hectares and consisting of:

- 277 tenements (1,385 hectares total) owned by SCM.
- 941 tenements (4,705 hectares total) owned by BiFox.

To exercise the BiFox/SCM Option, the Company must pay the following amounts and royalty:

Milestone	Payment (USD)	Condition
Execution of "Purchase Option Agreement"	\$400,000	Cash payment due upon date of signing of the "Purchase Option Agreement".
12 Months	\$3,000,000	Cash payment due 12 months from date of "Purchase Option Agreement"
24 Months	\$8,000,000	Cash payment 24 months from date of "Purchase Option Agreement"
48 Months	\$2,000,000	Cash payment 24 months from date of "Purchase Option Agreement", payable if phosphate concentrate (30% P <sub>2</sub> O <sub>5</sub> ) prices are greater than US \$200 per ton
Production Royalty	2%	Payable on production if phosphate concentrate (30%) prices are less than US\$200 per ton.
Production Royalty	3%	Payable on production if phosphate concentrate (30%) prices are between US\$200 and US\$300 per ton.
Production Royalty	5%	Payable on production if phosphate concentrate (30%) prices are greater than US\$300 per ton.

### BiFox/SCM Fine

The Civil Court of Copiapo has previously ruled that SCM and Bifox have undertaken mining activities in a reserved area which resulted in environmental damage and disturbance. SCM and Bifox have been fined a total of CH\$3122.360.430 (approximately US\$5 million) with respect to the environmental damage caused by them ("**Court Ruling**").

The Court Ruling related to the disturbance of a paleontological site which was reserved within the licensed area. The disturbed environmental area has since been fenced off. SCM and Bifox are also required to provide reparations to the disturbed area.

Kiwanda and Phillips River are not subject to these arrangements. However, the parties cannot enter into the Purchase Option Agreement without BiFox and SCM satisfying the fines. In the scenario where BiFox and SCM are not able to satisfy the fines within the Company's intended timeframe, BiFox and SCM have agreed with the Company to allow the

Company to lease the mining site from BiFox until the fines are paid (and defer the obligation to make any further cash payments).

## **2. Ki Exploration Licenses**

The Company has the right to acquire 100% of the "Ki Exploration Licenses", which are a series of 53 exploration licences adjacent to the BiFox/SCM mining properties covering a total area of approximately 19,900 hectares. These are exploration licenses and permits which are held to carry out exploration activities and in particular a mandated drill programme. The exploration permits are precautionary as the basin surrounding Bahia Inglesa is encompassed in the KI licenses. The Directors have carried out minor trenching activities and review of the area. The trenching has established that the phosphate seams evident in Bahia Inglesa extend to the KI ground. As the area of the licenses is some 200 square kilometres in the Atacama Desert the resource is not fully explored. There are no mining activities on site and as far as the Directors are aware there have never been any activities other than the preliminary Kiwanda trenching programme.

The Directors commissioned MEC Mining to establish an exploration programme for the site and this has been prepared but not implemented. The licenses are renewed periodically each 2 years. The company intends to continue renewal at least until the exploration programme has been completed.

## **COAL ASSETS**

The Company holds the following coal interests:

### **1. 23.48% Ownership of the Issued and Outstanding Securities of Carbhid SAS**

The Company has the right to acquire a 23.48% interest in Carbhid SAS, a Colombia-based coal mining company with offices in Bogota ("**Carbhid**"). Carbhid is the owner and operator of the:

**Escalones Coal Mining Property** in the Boyaca Department of Colombia.

- Full mining permit in place.
- 90.58 hectares of licensed mining area.
- Environmental permit in force and environmental management plan approved.

**El Diamante & Carbhid-2 Mines:**

- Development and investment plan scales monthly capacity up to 1,000 tons per month by end of 2015.

**Carbhid-4:**

- Cisquera bed targeted for multiple mine shafts.
- Additional mine to be brought online in 2016.
- Development plan sequentially add four more declines to increase output significantly.

<b>Cisquera Coal Quality</b>	
<b>Gross Calorific Value:</b>	7,700 kcal/kg
<b>Free Swelling Index:</b>	5.0
<b>Sulfur:</b>	0.8%
<b>Volatile Matter:</b>	30%
<b>Ash:</b>	9%

## 2. Escalones Coal Mining Lease Option

The Company has the right to acquire an option to acquire from Carbhid a 51% interest in the Escalones Mining Lease. The lease covers the Escalones Mining Property. The option allows the Company to earn a 51% interest in the Escalones Mining Lease by funding further development costs associated with the build-out of mining shafts, equipment upgrades and general production capacity expansion.

Escalones Coal Mining Block:

- In production
- Off-take contracts in place.
- Significant expansion potential.

### Production

Sale price is variable over time but averages US\$49 per ton or a gross margin of US\$13 per ton. There is a firm off-take agreement in place with Emgesa for the production of the mine. Emgesa operates 12 coal fired power stations in Colombia.

## 3. Pelaya Coal Project Option

The Pelaya Coal Project is located in the Cesar Department of Colombia and comprises one exploration license totalling 1,642 hectares. The Company has the right to acquire the "Pelaya Option", which is an option to acquire a 100% interest in the Pelaya Coal Project's exploration license, conditional upon the Company paying, and achieving, the following:

<b>Milestone</b>	<b>Date</b>	<b>Cash Payment (USD)</b>	<b>Work Expenditure (USD)</b>
Signing the "Pelaya Option Agreement"	Upon Signing	\$350,000	-
Exploration Commitment	Years 1-4	-	\$5,000,000

<b>Milestone</b>	<b>Date</b>	<b>Cash Payment (USD)</b>	<b>Work Expenditure (USD)</b>
Payment	12 months from the date of the Pelaya Option Agreement	\$200,000	-
Payment	24 months from the date of the Pelaya Option Agreement	\$200,000	-
Feasibility Study	2 Years from the date of the Pelaya Option Agreement	-	\$3,000,000
Payment	36 months from the date of the Pelaya Option Agreement	\$200,000	-
Payment	48 months from the date of the Pelaya Option Agreement	\$350,000	-
Payment	60 months from the date of the Pelaya Option Agreement	\$2,500,000	-
<b>TOTAL</b>	<b>-</b>	<b>\$3,800,000</b>	<b>\$8,000,000</b>

An initial US\$60,000 down payment has been made towards the first \$350,000 execution payment.

The project is a coal-bearing sedimentary sequence through Quaternary-age cover with indications of a potential world class coal deposit. Pelaya is adjacent to Prodeco Group's (Glencore/Xstrata) metallurgical coal exploration program in Cesar. Five priority diamond drill targets have been identified for a 2,000 meter drill program.

## **8. FINANCIAL INFORMATION**

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### **8.1 Information deemed to be incorporated in this Prospectus**

In accordance with section 712 of the Corporations Act, this Prospectus incorporates all other necessary financial information by reference to information contained in the Relevant Financial Statements lodged with ASX including the 2015 Annual Report and audited accounts.

Investors and their professional advisers are able to obtain copies of the Relevant Financial Statement for 2015 and previous years free of charge by contacting the Company at its registered office during normal business hours prior to the Closing Date. The Relevant Financial Statement is also available by searching ASIC or the ASX's (ASX code: PRH) records relating to the Company.

## 8.2 Contents of included documents to be incorporated

Set out below is a summary of the information contained in the Relevant Financial Statements that is deemed to be incorporated in this Prospectus:

- (a) **2015 Annual Report,**
- (b) **2014 Annual Report,**
- (c) **2013 Annual report and**
- (d) **2012 Annual Report,**

showing the following:

- (i) Consolidated Statement of Profit or Loss and Other Comprehensive Income;
- (ii) Consolidated Statement of Financial Position;
- (iii) Consolidated Statement of Changes in Equity;
- (iv) Consolidated Statement of Cash Flows; and
- (v) Notes to the Financial Statements.

## 8.3 Operational and Expenditure Plans of the Company

### 8.3.1 Capital Raisings

The Company will accept subscription for New Shares to raise up to \$7.5 million. Under the terms of the Underwriting Agreement from the lender the Company will complete the offer with a minimum of \$1.5 million in cash. Any subscriptions above the minimum assumed which are received from investors will increase this cash balance.

### 8.3.2 Expenditure Plans and Use of Funds

The Company's expenditure plans are the best estimates available to the Company at this time. Some of the budget allocations are committed expenditures and work programs but shareholders would be aware that these things are subject to changes in line with results as they emerge, on-site conditions and other circumstances and opportunities.

It is proposed that the funds of the Company will be applied as follows:

*\$2.2 million funds available (minimum):*

<b>Use of Funds — Expenditure Budget</b>	<b>Year 1 (\$)</b>
Net funds available utilised as follows	\$2,200,000
Net cashflow from operations	\$1,000,000
<b>Gross Cashflow Available</b>	<b>\$3,200,000</b>
• Project Costs	\$200,000

• Administration and Compliance	\$650,000
Total funds utilised	\$850,000
<b>Funds available</b>	<b>\$2,350,000</b>

*\$5.3 million capital raise (target):*

<b>Use of Funds — Expenditure Budget</b>	<b>Year 1 (\$)</b>
Net funds raised utilised as follows	\$5,300,000
Net cashflow from operations	\$1,000,000
<b>Gross Cashflow</b>	<b>\$6,300,000</b>
• Project Costs	\$2,850,000
• Administration and Compliance	\$650,000
Total funds utilised	\$3,500,000
<b>Funds available at the end of the year</b>	<b>\$2,800,000</b>

**These expenditure plans are applicable after the repayment of loans.**

There is no guarantee that the minimum amount of \$1.5m in available funds will be achieved. The consequences for the Company would be to amend its development timetable if there was a minor shortfall from the minimum estimated available funds. If the available funds are significantly less than the minimum amount then the company may not proceed with the issue and the Directors would need to consider the future direction of the Company and whether it could continue to operate.

The Company has not received any commitments from any Shareholder in respect of their participation in the Offer.

The Company will have enough working capital to carry out its stated objectives based upon cashflow from operations and the minimum capital to be raised. The Company has assumed various operating parameters to establish net cashflow from operations of \$1m. The main assumptions are as follows:

- Production of phosphate rock is increased to 40,000tpa (rather than the higher 50,000tpa)
- Operating costs (ie mining costs) per tonne are estimated at US\$50 per tonne
- Phosphate rock price per tonne US\$115
- Mine Administration costs US\$88 per annum
- Management and administration costs are US\$350,000 per annum
- Executive salaries US\$360 per annum

The assumptions have then been further discounted - revenue from sales by approximately 50% and the full value of costs is taken on the assumption of 50,000tpa of production in

reaching the estimated cashflow from operations. The Company believes this is a prudent approach to estimated cashflow. There is no guarantee however that any of the assumptions will be accurate or be delivered. While the information and assumptions are all based upon historical performance this should not be taken as guide to future activities or future performance of the Company and its cashflow. This is not a forecast and has only been included so potential investors can evaluate the basis upon which \$1m is derived from net cashflow from operations. The Directors have carried out sufficient investigations on the operations of the mine to be satisfied that working capital will be sufficient at each point in time given the minimum capital raise.

### **8.3 .3 Dividends**

The Directors have resolved that the intent of the Company is to generate cashflow as soon as possible. Shareholders should be rewarded with dividends as soon as this is possible.

Obviously the Company will be in development mode for some time as it expands production and this will take a portion of the cashflow. The development of the assets and early dividends to shareholders are competing activities. It is the Director's policy to balance the two and plan to have cashflow equally devoted to further asset development and dividend payments.

## **8.4 Effect of the Offer**

### **General**

The principal effect of the Offer will be to:

- (i) Increase the Company's cash reserves by the proceeds of the Offer ; and
- (ii) Increase the number of Shares on issue by up to **30,000,000 Shares** (fully subscribed).

### **8.4.1 Effect**

The potential effect the Offer will have on the control for the Company's undiluted share capital will depend on the extent to which Eligible Shareholders take up their Entitlement under the Offer.

If all Eligible Shareholders take up their Entitlements in full, the Offer will have no material effect on the control of the Company. Each Shareholder should be aware that if they do not participate in the Offer and all other Shareholders do participate in the Offer, their holdings are likely to be diluted by approximately 21,200,000 Shares (as compared to their holdings and number of shares on issue as at the date of this Prospectus).

### **8.4.2 Underwriting and control of the Company**

The Offer is underwritten by the Underwriter. The Underwriter has entered into arrangements with the Kiwanda Convertible Note Holders such that the Underwritten Shares will be used to repay or redeem the Kiwanda Convertible Notes. Accordingly, the Underwriter will not acquire voting power in the Company as a result of a shortfall. See below section – "Loan and Funding Activities of Kiwanda".



#### 8.4.3 Other Information related to the New Shares

For the purpose of satisfying the ASX Information Form, the Company confirms the following:

- **Partly-paid securities:** The Company has no partly-paid securities on issue and no call program in place.
- **Employee Incentive Scheme:** The Company has no employee incentive scheme in place.
- **Dividend or distribution plan:** The Company has no dividend or distribution plan in place.

#### 8.4.4 Loan and Funding Activities of Kiwanda

Kiwanda Australia has provided loan facilities to the Company. The repayment value of these loans when fully drawn is approximately \$5 million. Kiwanda Australia in turn has borrowed funds from Kiwanda Mines on equivalent terms. To fund the loan program, Kiwanda Mines has borrowed funds from various investors in the form of convertible notes (**Convertible Notes**). Investors invest in the Convertible Note at a 30% discount to Face Value. The Convertible Notes bear a 15% pa coupon payable at maturity.

At the re-listing of the shares of the Company, at the Convertible Note investor's option, the Convertible Notes may be converted into ordinary shares in the Company. In the event that this conversion occurs then Convertible Note holders will receive shares in the Company equal to 150% of the face value of the Convertible Note which they hold. The shares in the Company for the purposes of this conversion are valued at \$0.30 (being the share value that Phillips River used in acquiring the Kiwanda Assets). These shares are not sourced from the Company – instead they come from the Shares held by Kiwanda in Phillips River. The conversion or otherwise of the Convertible Notes has no dilutionary or other effect on Shareholders.

There are 141 investors in the Convertible Note programme. As Convertible Note holders elect to convert their Convertible Notes then Kiwanda Mines will provide those Convertible Note holders with shares in Phillips River. This will result in 141 new shareholders of the Company.

Shareholders have approved, in the extraordinary general meeting of the Company held on 15 May 2015, the issue of 10 million shares to be issued in repayment of loans and it is the intention of Kiwanda Mines to accept 10 million shares in repayment of the loans and to partially use those shares to effect the conversion and repayment of the Convertible Notes. These shares have a face value of \$2.5 million at the issue price of \$0.25 being the issue price of the Entitlements Issue.

As the final part of the repayment of the Convertible Note, investors who have elected to convert into shares in the Company, Kiwanda Mines has underwritten that portion of the Entitlements Issue which will provide full repayment of the loans made to the Company by the Kiwanda Mines Note program by delivery of shares in the Company. Each individual investor in Convertible Notes has sub-underwritten that portion of shares which will repay all of the Convertible Notes held by conversion into shares.

The result of these arrangements is that:

- (a) the loans on the Company's balance sheet which were funded by way of the Kiwanda Mines Convertible Note program will be fully repaid and be reflected as equity; and

(b) the Company will retain all remaining cash from the original borrowing.

Any undrawn loans as at the date of the closing of the Entitlements Issue will be fully drawn and repaid by the issue of shares.

## 8.5 Pro-forma balance sheet

The pro-forma balance sheet as at 30 June 2015 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, although it is in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The pro-forma balance sheet is based on the audited statutory consolidated financial statements as at 30 June 2015 after adjusting for certain pro-forma transactions and/or other adjustments as if they had occurred at 30 June 2015.

The pro-forma balance sheet has been reviewed by Nexia Court Financial Solutions Pty Ltd.

The information in this section should be read in conjunction with the Risk Factors set out in section 10 and other information contained in this prospectus.

<b>CONSOLIDATED A\$</b>	<b>As at 30 June 2015 Audited</b>	<b>Adjustments</b>	<b>As at 30 June 2015 Pro-forma</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	106,809	3,276,807	3,383,616
Trade and other receivables	4,934	-	4,934
Prepayment and other assets	15,071	-	15,071
<b>Total Current Assets</b>	<b>126,814</b>	<b>3,276,807</b>	<b>3,403,621</b>
<b>Non-current assets</b>			
Investment in associates	7,438	168,553	175,991
Mining assets	-	3,167,778	3,167,778
Exploration assets	-	3,346,567	3,346,567
Intangible assets	-	1,870,127	1,870,127
<b>Total non-current assets</b>	<b>7,438</b>	<b>8,553,025</b>	<b>8,560,463</b>
<b>Total Assets</b>	<b>134,252</b>	<b>11,829,832</b>	<b>11,964,084</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	84,822	(74,089)	10,733
Provisions	-	383,086	383,086
Interest bearing loans and borrowings	-	928,591	928,591
<b>Total current liabilities</b>	<b>84,822</b>	<b>1,237,588</b>	<b>1,322,410</b>

<b>Non-current liabilities</b>			
Deferred tax liability	-	1,314,216	1,314,216
<b>Total non-current liabilities</b>	<b>-</b>	<b>1,314,216</b>	<b>1,314,216</b>
<b>Total Liabilities</b>	<b>84,822</b>	<b>2,551,804</b>	<b>2,636,626</b>
<b>Net Assets</b>	<b>49,430</b>	<b>9,278,028</b>	<b>9,327,458</b>
<b>Equity</b>			
Issued capital	58,593,923	7,623,286	66,217,209
Reserves	617,111	1,786,151	2,403,262
Accumulated losses	(59,161,604)	(131,409)	(59,293,013)
<b>Total equity</b>	<b>49,430</b>	<b>9,278,028</b>	<b>9,327,458</b>

## Adjustments

6. **Additional borrowings** – subsequent to 30 June 2014, the Company has drawn down a further A\$700,000 in funding under the short term loan agreement with Kiwanda Australia to provide additional working capital to the Company and for additional funding to the Coal Alliance and Phosphate Alliance.
7. **Acquisition** – the pro forma adjustments relating to the Acquisition as set out in section 11 under Material Contracts. The pro forma adjustments reflect updated valuations prepared by the Independent Valuer in December 2015 and Directors' valuations of the BiFox/SCM Option and Escalones Option based on the updated valuations. The adjustment includes the deferred tax liability impact in respect of the fair value adjustments.
8. **Offer** – the adjustments reflect the impact of the Offer on the basis that the Offer is fully subscribed raising \$5,300,000. The cash proceeds are net of expenses of \$519,124 as set out in section 11.
9. **Repayment of loans** – the pro forma adjustments reflect the payment of US\$720,000 under the terms of the Acquisition as set out in section 7 and issue of shares in satisfaction of the convertible notes as set out in section 8.4.4.
10. **Initial payment under the Bifox/SCM Option** – the adjustments reflect the payment of US\$400,000 for the execution of the Bifox/SCM Option as set out in section 7.

## 9. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

The following is a summary of the rights and liabilities attaching to the New Shares being offered in this Prospectus. This summary is not exhaustive.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### Rights and Liabilities of Shares

#### General Meetings

Shareholders are entitled to attend and vote at general meetings of the Company. Shareholders may requisition meetings of the Company.

**Voting Rights**

- Each Shareholder is entitled to vote;
- On a show of hands every Shareholder has one vote; and
- On a poll every Shareholder has one vote for each Share held.

**Dividend Rights**

- The Directors may from time to time declare a dividend.
- The Directors may set aside amounts as reserves to be applied for any purpose.
- The Directors may grant to Shareholders the right to reinvest cash dividends paid by the Company by subscribing for Shares in the Company.

**Winding-up**

If the Company is wound up, the liquidator may divide among the Shareholders any part of the Company.

**Transfer of Shares**

Shares in the Company are transferable, subject to the registration of the transfer being lawful and not breaching the Corporations Act and the ASX Listing Rules.

**Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at a general meeting.

## 10. RISK FACTORS

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### Introduction

This Entitlements Issue is part of an effort to transform and revitalise the Company, thereby improving the prospect of creating value for Shareholders. This process is not risk free.

Shareholders should understand that investing in the Company should be considered to be ***speculative***.

The Directors strongly recommend Shareholders consider the risk factors described below, together with all other information in this Prospectus, before deciding whether to apply for New Shares.

The risks identified in this Section 9, as well as other risks, may have a material impact on the financial performance of the Company and the market price of the New Shares. The Section is not intended to set out an exhaustive list of the risk factors.

### Company Specific

#### Contractual risks

The ability of the Company to achieve its objectives will depend on the counterparties to any agreements with the Company. If any party defaults in the performance of their obligations, the Company may approach a court to seek remedy. Legal action can be costly. Contracts to which the Company is a party are governed by laws of jurisdictions outside Australia. There is a risk that the Company may not be able to seek the legal redress that it could expect under Australian law and generally there can be no guarantee that a legal remedy will be granted on the appropriate terms.

The Company is exposed to some particular risks in respect to the Purchase Option with BiFox/SCM. To transfer effective title to the Company the vendor needs to resolve the outstanding fine and environmental restitution at the mine site. Should this not be resolved by the end of the agreed lease period with BiFox/SCM then there is uncertainty regarding ongoing mining at the site. In the event that BiFox/SCM are unable to provide good title then the Company is not required to pay the purchase price for the Bahia Inglesa mine.

The sales arrangements with distributors of the BiFox phosphate product need to be renewed once the Company takes over the operations of the mine. Contact with each of the parties has indicated that all wish to increase the offtake however this is undocumented until such time as the mining operations commence. It is possible that no distributor would wish to renew the sales contracts and this would leave the Company without any known distribution capability.

The Company is exposed to the ongoing contractual arrangement with Emgesa in Colombia in respect of its coal delivery contract with Carbid. In the event that a default under the contract were to occur there is little prospect of an alternative offtake agreement being available in the short term.

### General Risks

#### The Management Team

The day-to-day operations and strategic management of the Company depends on its senior management and its key personnel. There can be no assurance that there will be no impact on the Company if one or more of these employees cease employment. The Company's ability to recruit and retain qualified management will also be critical to its success.

**Legal environment**

Each of the Colombian and Chilean legal systems is less developed than more established countries and this could result in the following risks:

- Political difficulties in obtaining legal redress in the courts in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

**Government and Political Factors**

The introduction of new mining and/or mining exploration legislation, or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and the financial performance of the Company. Any adverse developments in political and regulatory conditions in Colombia or Chile could adversely affect the Company's prospects. Government policy changes, such as changes in both monetary and fiscal policies, resource expropriation, methods of taxation and currency exchange controls may negatively impact the performance of the Company as a whole.

**Exploration Success**

The Coal Assets and Phosphate Assets are at varying levels of exploration and development. Potential investors should understand that mineral exploration and development projects carry a high degree of risk. Even if an apparently viable mineral deposit is held or identified, there is no guarantee that it can be economically exploited.

**Environmental Risks**

The Company will be operating in multiple jurisdictions with variable environmental requirements. The operations in Chile at Bahia Inglesa have limited environmental conditions as it is located in the Atacama Desert and the environment is essentially sand and rock. There is little discernible difference between mined areas and pristine desert. However BiFox incurred a fine from mining in a preserved paleontological area. This needs to be monitored. Should the Company undertake such an error then the Company would be liable for any fine and or requirement to restitution.

The operations in Colombia are underground coal mines. This presents a higher level of potential risk as the world becomes progressively more active regarding decreasing the use of fossil fuel usage. In the event of any adverse movements then it is the view of the Company that it would shut down its operations. Currently the community is dependent upon the local coal fired power station for electricity supply which Carbhid supplies with coal. In the short to medium term this is not considered to be a major concern but in due course different arrangements will need to be instituted.

**Dilution Risks**

The Company may need to raise further capital after this Offer has closed to continue its development plan. Should this be necessary then it may be that existing shareholders will be diluted by the extent of any further shares that are issued as a result of further shares being issued. The Directors note that this does not apply in respect of the Kiwanda Convertible Note holders where conversion occurs there is no dilutionary effect other than for Kiwanda Mines.

**Approval to Issue Shares and Acquire the Assets**

The approval to acquire the assets expired on 14 August and the capacity for this to be renewed is dependent upon ASX providing a waiver. In the event that ASX is unable or unwilling to provide the waiver then the acquisition of the assets will need to be reviewed. In order for completion to occur in that instance the Company will need to seek the approval of Kiwanda and Lara to an extension and call a subsequent meeting of shareholders to approve the acquisition. There is the risk that Kiwanda or Lara do not agree to the amendment settlement date or that Shareholders do not approve the acquisition. In this instance any subscription money under the Offer would be returned however the Company would have no business.

**Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve resource or reserve estimates, predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. The Company may never achieve commercial viability through the successful exploration and/or mining of the Coal and Phosphate Assets. Until the Company is able to realise value from the Coal and Phosphate Assets or any other projects, it is likely to incur ongoing operating losses. The mining operation is carried under contract with a local contractor. The terms of the mining contract will not be finalised until the Company takes over the operations of the mine. The Company is reliant on this contractor or a replacement contractor to carry out the mining operations as the Company has no direct mining employees of its own. Should the existing contractor cease mining or be unable to continue mining for whatever reason then the Company will have to cease mining operations until a replacement mining contractor can be retained. There is no guarantee that any new or replacement contractor will have the same skill or experience in carrying out the mining on the site and this may lead to decreased mining output. Or indeed there is no guarantee that any replacement mining contractor could be found at all.

**License Renewal Risk**

The Company has the risk that its various exploration, exploitation and mining licenses will not be renewed. While these have no current conditions there is the possibility that conditions could be added which may make the licenses uneconomic or not capable of renewal

The 66 exploration licenses at KI have various renewal dates ranging from September 2016 to June 2017. The renewal occurs each two years and is only subject to payment of the fee.

The various coal mining licenses held by Carbhid and associates expire in 2042 and are not considered at risk.

The exploitation licenses at Bahia Inglesa are renewed each two years and are only subject to payment of the renewal fee.

**Commodity Price Volatility**

Commodity price fluctuations. Namely Phosphate Rock and Coal. Historically, commodity prices have been volatile and subject to wide fluctuations for many reasons, including but not limited to:

- Global and regional supply and demand, and expectations regarding future supply

- and demand for commodities;
- Geopolitical uncertainty;
- Proximity to, and capacity and cost of, transportation;
- Price, availability and government subsidies of alternative fuels;
- Price and availability of new technologies;
- Political, economic and military developments in the Company's operational jurisdiction, domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations;
- Global and regional economic conditions; and
- Weather conditions and natural disasters.

It is impossible to predict accurately future commodities price movements and commodities prices may not remain at their current levels.

**Other risks include:**

Other risks related to the resource sector include:

- Changes in global supply and demand due to an economic downturn.
- Currency exchange rate fluctuations.
- Inflation and other cost increases.
- Safety, health and environmental exposures and related regulations.
- Regulation affecting greenhouse gas emissions.
- Inaccurate estimates of a target's resources.
- Failure to discover commercially viable resources and/or reserves.
- Inability to maintain necessary exploration licenses and concessions.
- Delays or suspensions in drilling and/or exploration operations due to use of independent contractors.
- Vulnerability of drilling and mining operations to natural disasters, operating difficulties and loss of physical assets.
- Labour disruptions.
- Inadequate access to necessary infrastructure services, including transportation and utilities.
- Shortages and long delivery lead times for key inputs.
- Poor relationships with local communities, government and non-government organisations.
- Uncertainty in outcome of exploration, development and production activities.

## 11. INVESTIGATING ACCOUNTANT'S REPORT

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17 December 2015

The Directors  
Phillips River Mining Limited  
Level 7  
92 Pitt Street  
Sydney NSW 2000

Dear Sirs

**Investigating Accountant's Report on Phillips River Mining Limited's Compilation of Pro Forma Historical Financial Information**

We have been engaged by Phillips River Mining Limited ("PRH" or the "Company") to report on the pro forma historical financial information of the Company for inclusion in the prospectus dated on or about 17 December 2015 (the "Prospectus"). The pro forma financial information consists of the pro forma balance sheet as at 30 June 2015 and related notes as set out in section 8.5 of the prospectus issued by the Company (the "pro forma financial information"). The applicable criteria on which the Directors have compiled the pro forma financial information are specified in section 8.5 ("applicable criteria").

Expressions and terms defined in the Prospectus have the same meaning in this report.

Nexia Court Financial Solutions Pty Ltd holds an Australia Financial Services Licence (AFS Licence Number 247300) issued by Australian Securities and Investments Commission for providing financial product advice, including investigating accountant's reports.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the transactions described in section 8.5 on the Company's financial position as at 30 June 2015 as if the transactions had taken place at 30 June 2015. As part of this process, information about the Company's financial position has been extracted by the Directors from the company's financial statements for the year ended 30 June 2015, on which an audit report has been published.

**The Directors Responsibilities for the Pro Forma Financial Information**

The Directors of the Company are responsible for properly compiling the pro forma financial information on the basis of the applicable criteria.

**Our responsibility**

Our responsibility is to express a conclusion on whether anything has come to our attention that the pro forma financial information has not been properly compiled, in all material respects, by the Directors on the basis of the applicable criteria, as described in section 8.5 of the Prospectus.

We have conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements ASAE 3420 Assurance Engagements To Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document (ASAE 3420), issued by the Auditing and Assurance Standards Board. This standard requires that the assurance practitioner plan and perform procedures to obtain limited assurance about whether anything has come the assurance practitioner's attention that causes the assurance practitioner to believe that the Directors have not compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information, or of the pro forma financial information itself.

The purpose of the compilation of the pro forma financial information being included in a prospectus is solely to illustrate the impact of significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 would have been as presented.

A limited assurance engagement to report on whether anything has come to our attention that the pro forma financial information has not been properly compiled, in all material respects, on the basis of the applicable criteria, involves performing limited procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information does not provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and that the:

- related pro forma adjustments do not give appropriate effect to those criteria; and
- resultant pro forma financial information does not reflect the proper application of those adjustments to the unadjusted financial information.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, and other procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the pro forma financial information has been prepared, in all material respects, in accordance with the applicable criteria.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the pro forma financial information is not compiled, in all material respects, by the Directors of the Company on the basis of the applicable criteria as described in section 8.5 of the Prospectus.

### **Consent**

Nexia Court Financial Solutions Pty Ltd has consented to the inclusion of this report in the Prospectus in the form and context in which it is included.

### **Declaration of Interest**

Nexia Court Financial Solutions Pty Ltd does not have any interest in the outcome of this offer other than in the advisory services performed in preparing this report for which normal professional fees will be received.

Yours faithfully

**Nexia Court Financial Solutions Pty Ltd (AFSL 247300)**

A handwritten signature in black ink, appearing to read 'B. Goldman', with a long horizontal flourish extending to the right.

**Brent Goldman**

Authorised Representative

## **FINANCIAL SERVICES GUIDE**

**Dated: 17 December 2015**

### **What is a Financial Services Guide ("FSG")?**

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Nexia Court Financial Solutions Pty Ltd ABN 88 077 764 222, Australian Financial Services Licence Number 247300 ("NCFS").

This FSG includes information about:

- NCFS and how they can be contacted
- the services NCFS is authorised to provide
- how NCFS are paid
- any relevant associations or relationships of NCFS
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that NCFS has in place.

Where you have engaged NCFS we act on your behalf when providing financial services. Where you have not engaged NCFS, NCFS acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NCFS.

### **Financial services that NCFS is authorised to provide**

NCFS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio serves, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

### **NCFS's responsibility to you**

NCFS has been engaged by the independent directors of Phillips River Mining Limited ("PRH" or the "Client") to provide general financial product advice in the form of an Investigating Accountant's Report ("Report") to be included in the Prospectus.

You have not engaged NCFS directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. NCFS or the employees of NCFS are not acting for any person other than the Client.

NCFS is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

### **General Advice**

As NCFS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

### **Fees NCFS may receive**

NCFS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NCFS \$15,000 (excluding GST and out of pocket expenses) for preparing the Report. NCFS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

### **Referrals**

NCFS does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

### **Associations and relationships**

Through a variety of corporate and trust structures NCFS is controlled by and operates as part of the Nexia Court & Co Partnership. NCFS's directors and authorised representative may be partners in the Nexia Court & Co Partnership. Mr Brent Goldman, authorised representative of NCFS and partner in the Nexia Court & Co Partnership, has prepared this report. The financial product advice in the Report is provided by NCFS and not by the Nexia Court & Co Partnership.

From time to time NCFS, the Nexia Court & Co Partnership and related entities (Nexia entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years no professional fees have been received from the Client.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

### **Complaints resolution**

If you have a complaint, please let either NCFS know. Formal complaints should be sent in writing to:

Nexia Court Financial Solutions Pty Ltd  
Head of Compliance  
PO Box H195  
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing,

### **External complaints resolution process**

If NCFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established

to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly at:

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne Victoria 3001  
Telephone: 1300 56 55 62  
Facsimile (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

### **Compensation arrangements**

NCFS has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

### **Contact Details**

You may contact NCFS at:  
Nexia Court Financial Solutions Pty Ltd  
PO Box H195  
Australia Square NSW 1215

## 12. ADDITIONAL INFORMATION

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### Underwriting

Kiwanda Mines (being the Underwriter), has agreed to partially underwrite the Entitlement Offer (**Underwritten Shares**). Kiwanda Mines will not receive any fees or commissions for underwriting the Entitlement Offer.

Kiwanda Mines has provided loans to the Company (**Loans**). By the Closing Date the loan amount is expected to be higher as the Company continues to undertake its business. The loans are used to maintain the Company (including accounting, audit, working capital, tax advice and returns, legal costs and various other expenses and to enable it to complete due diligence plus the advancement of the projects including mine planning, JORC estimation, capital acquisitions and similar).

Loans are issued at a 30% discount to face value and repayable at 1.5 times face value. Interest on the loans accrues at 15% p.a. on the face value.

The Company may elect to repay these loans in cash. Alternatively, Kiwanda Mines may elect to set-off any amounts that the Company owes to Kiwanda Mines for the repayment of these loans on the terms of the loans at the Offer price as payment for the Underwritten Shares. These are the investors in the Kiwanda Mines Convertible Note issue. There are 141 investors in the programme and each will become a shareholder in Phillips River.

### Litigation

At the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### Market Price of Shares

The Company's shares are currently suspended and do not carry a quoted price.

### Interests of Directors

#### Security Holdings

The Directors of the Company are associates. The relevant interest of each of the Directors in the securities of the Company (both direct and indirect), as of the date of this Prospectus, together with their respective Entitlement, is as follows:

Name of Existing Director	Holder of Relevant Interest	Nature of Relevant Interest	Number of Existing Fully Paid Shares Held by Holder	Percentage Interest in Voting Shares*
Christopher John West	Kiwanda Group	Director of Kiwanda Group	637,801	19.9
Timothy Hanley Koster	Kiwanda Group	Director of Kiwanda Group	637,801	19.9
Mark Douglas Sumner	Kiwanda Group	Director of Kiwanda Group	637,801	19.9

TOTAL			637,801	19.9
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### Remuneration of Directors

The remuneration of the Directors is decided by the Board. The total maximum remuneration of the non-executive Directors is initially set by the Constitution and subsequently varied by an ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules. The total maximum remuneration of non-executive Directors can be varied by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

For the financial year ending 30 June 2014, the Company paid by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (inclusive of employer superannuation contributions) a total of \$240,000.

The proposed annual remuneration of the Directors for the financial year ending 30 June 2016 is set out in the table below. These amounts do not include superannuation and other statutory contributions which will be in addition to these amounts.

Director	Total Remuneration
Chris West	\$150,000
Mark Sumner	\$150,000
Timothy Koster	\$150,000

The Directors intend to draw remuneration once the Offer of New Shares is completed.

### Material Contracts

#### (i) Heads of Agreement

The Heads of Agreement provides the Company with the rights to acquire the Kiwanda Assets for a mixture of cash and Shares. Pursuant to the Heads of Agreement, the price nominated for share-based acquisitions was \$0.30 per Share. Various milestones need to be achieved before the Company is obliged to pay the full purchase price to the Vendors as disclosed in the Explanatory Statement.

A further detailed description of the Heads of Agreement is contained in the Explanatory Statement.

#### (ii) Underwriting Agreement



Kiwanda Mines (being the Underwriter), has agreed to partially underwrite the Entitlement Offer (Underwritten Shares). Kiwanda Mines will not receive any fees or commissions for underwriting the Entitlement Offer up to a maximum of \$2,500,000. Kiwanda Mines has provided loans to the Company (Loans). By the Closing Date the loan amount is expected to be higher as the Company continues to undertake its business. The loans are used to maintain the Company (including accounting, audit, working capital, tax advice and returns, legal costs and various other expenses and to enable it to complete due diligence plus the advancement of the projects including mine planning, JORC estimation, capital acquisitions and similar).

The Company may elect to repay these loans in cash. Alternatively, Kiwanda Mines may elect to set-off any amounts that the Company owes to Kiwanda Mines for the repayment of these loans on the terms of the loans at the Offer price as payment for the Underwritten Shares up to a maximum of \$2,500,000. These are the investors in the Kiwanda Mines Convertible Note issue. There are 141 investors in the programme and each will become a shareholder in Phillips River.

### **(iii) BiFox Option Agreement**

The "Fourth Extension Agreement" was entered into 1 October 2014 between Kiwanda Chile SA, SCM Bahia Inglesa (SCMI) and Compania Minera De Fosfatos Naturales Limitada (BiFox Ltda) (BiFox Option Agreement). The BiFox Option Agreement grants Kiwanda Chile SA an option to purchase 280 phosphate mining tenements owned by SCMI and 941 phosphate mining tenements owned by BiFox located in Santiago, Chile, in consideration for certain scheduled payments and royalties as set out in the BiFox Option.

### **(iv) Pelaya Option Agreement**

The "Letter of Intent ("LOI") Option over Coal Mining Concession Area located in Pelaya (Colombia)" was entered into 10 August 2013 between Andean Coal (BVI) Ltd and Marlen T Coronado, Miguel O J Rodriguez, Carlos A C Giron, German Reyes and Gustavo A Sanchez (Pelaya Option Agreement). The Pelaya Option agreement grants Andean Coal (BVI) Ltd (a related entity of Kiwanda) an option to acquire all interests in Carbones De Pelaya S.A.S (Carbonos). Carbonos holds certain mining interests in Colombia as set out in the Pelaya Option Agreement.

### **(v) Andean Phosphate Alliance Agreement**

The "South American Phosphate Alliance Agreement" was entered into on 12 December 2011 between Kiwanda Group LLC and Lara Exploration Ltd (Phosphate Alliance Agreement). The Coal Alliance Agreement sets out the terms and conditions between the partnership with Kiwanda and Lara with respect to the evaluation, acquisition and exploration, development and mining of coal within Chile and Colombia

### **(vi) South American Coal Alliance Agreement**

The "South American Coal Alliance Agreement" was entered into on 9 July 2012 between Kiwanda Mining Partners LP (Kiwanda Partners) and Lara

Exploration Ltd (Coal Alliance Agreement). The Coal Alliance Agreement sets out the terms and conditions between the partnership with Kiwanda Partners and Lara with respect to the evaluation, acquisition and exploration, development and mining of coal within Peru and Colombia.

## **Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus is performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus.

And no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the promotion of the Company; or
- (b) the Offer.

**K & L Gates** has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay K & L Gates \$90,000 (excluding GST and disbursements) for these services.

## **Consents**

Each of the parties referred to in this Section 10.5 (*Consents*):

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section 10.5; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 10.5.

**K & L Gates** has given its written consent to being named as the solicitors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

**Deloitte** has given its written consent to being named as the auditors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

**Lonergan Edwards and Associates** provided the Independent Experts Report for the Explanatory Memorandum prepared for the EGM and has given its consent to being named and the report included by reference in the Prospectus and has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

**Mr Manish Garg and HDR Salva** provided the Valuation for the Kiwanda Assets in the Explanatory Memorandum for the EGM and have given their consent to being named and the report included by reference in the Prospectus and have not withdrawn the consent prior to the lodgment of this Prospectus with the ASIC.

**Mr Andre Gauthier** provided the Competent Persons Report for the Explanatory Memorandum for the EGM and for this Prospectus and has given his consent to being named and the report included by reference in the Prospectus and has not withdrawn his consent prior to the lodgment of this Prospectus with the ASIC.

**Nexia Court Financial Solutions Pty Ltd** has given its written consent to being named as the auditors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

## Expenses of the Offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$504,124 (excluding GST) and are expected to be applied towards the items set out in the table below:

Expense	\$
ASIC fees	2,320
ASX fees	5,804
Legal and Accounting fees	105,000
Broker fees	371,000
Printing and distribution	35,000
Miscellaneous	876
<b>TOTAL</b>	<b>520,000</b>

## Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus and electronic application form on the basis of a paper Prospectus lodged with the ASIC, and the publication of notices referring to an electronic Prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure you have received the entire Prospectus accompanied by the Entitlement and Acceptance Forms. If you have not, please phone the Company on +61 2 92 622 922 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.phillipsriver.com.au](http://www.phillipsriver.com.au)

## CHESS and Issuer Sponsorship

The Company is a participant in CHESS, for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company.

The Company will not issue share certificates.

Instead, the Company will provide Shareholders with a statement setting out the number of New Shares allotted to them under this Prospectus. The statement will include the Shareholder's Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to Shareholders if there have been any changes in their shareholding in the Company during the preceding month.

## **Privacy Act**

If you complete an application for New Shares, you will provide personal information to the Company (directly or to Advanced Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and Advanced Share Registry.

You can access, correct and update the personal information we hold about you. Please contact the Company or Advanced Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. Please note, if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

## **Compliance with the JORC Code and Competent Persons Statement**

Information in relation to the Phosphate Assets and the Coal Assets have been compiled in accordance with the **JORC Code, 2012 Edition:**

- (a) Table 1 report Phosphate, Section 1 Sampling Techniques and Data;
  - (b) Table 1 report Phosphate, Section 2 Reporting of Exploration Report;
  - (c) Table 1 report Coal, Section 1 Sampling Techniques and Data; and
  - (d) Table 1 report Coal, Section 2 Reporting of Exploration Report,
- as detailed in Annexure B (Competent Person's Report) to the Explanatory Statement (unless otherwise stated in the notes for a particular resource and reserve). None of the Company's assets have complying resources under the JORC Code. Please refer to the Explanatory Statement.

## **Corporate Governance Statement**

The Board is responsible for the governance of the Company, and recognise the need for the highest standards of behaviour and accountability.

The Board will continue to develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives.

The overall goals of the corporate governance process are to:

- drive Shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.
- Consistent with these goals, the Board's primary responsibilities are:
- setting the strategic direction of the Company;
- monitoring the financial performance of the Company, including approving the financial statements;
- ensuring adequate internal control systems and procedures exist and compliance with these systems and procedures;
- identifying significant business risks and ensuring those risks are adequately managed;
- reviewing the performance and remuneration of executive Directors; and
- establishing and maintaining appropriate ethical standards.

The Board has in place policies and practices consistent, where considered appropriate having regard to the Company's current size and structure, with the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Recommendations". Such policies include, the Board Charter, Board Code of Conduct, Audit Committee Charter, Continuous Disclosure, Trading in Securities and Risk Management Policies.

### **Taxation Considerations**

It is the responsibility of all potential Shareholders to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before taking up their Entitlements and investing in New Shares. Taxation consequences will depend on particular Eligible Shareholders or Entitlement Holder's circumstances.

Neither the Company nor any of its officers, employees, agents and advisers accept any liability or responsibility in respect of taxation consequences connected with an investment in New Shares or dealing with an Entitlement offered in this Prospectus.

### **Governing Law**

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in New South Wales. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

### **Representations**

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Company in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the information in this Prospectus.

### 13. Application for Official Quotation by ASX

The following information is provided in accordance with the Listing Rules and the ASX Information Form and Checklist (**ASX Checklist**) for the purposes of the Company's application for readmission to official quotation by the ASX.

#### (a) Audit Committee

- (i) In accordance with Listing Rule 1.1 Condition 13 and Item 6 of the ASX Checklist, the Company has established an audit committee.
- (ii) In accordance with Listing Rule 1.1 Condition 13 and Item 7 of the ASX Checklist, the Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to composition and operation of the audit committee.

#### (b) Remuneration Committee

Given the early stage of the Company's redevelopment and by reason of the Company currently engaging no employees, the Company has not currently established a remuneration committee. The Company, however, intends to establish a remuneration committee in due course.

#### (c) Existing and Proposed Capital Structure

In accordance with Item 19 of the ASX Checklist, the following Table illustrates the movement in the issued capital of the Company where the Company issues the Entitlement where the Offer is **fully subscribed**:

Securities	Number
Fully paid ordinary shares currently on issue	3,205,339
Entitlement issue <sup>(1)</sup>	21,200,000
Total	24,405,339

Note 1: Where the Offer is fully subscribed.

#### (d) Dividend/distribution policy

The Company does not currently have a dividend policy given the early stage of the Company's redevelopment.

## **14. DIRECTORS' STATEMENT**

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The Directors state for the purposes of section 731 of the Corporations Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe any statements by them in this Prospectus are true and not misleading or deceptive, and with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe the persons making the statement(s) were competent to make such statements, those persons have given the consent required by section 716(2) of the Corporations Act and have not withdrawn that consent before lodgment of this Prospectus with ASIC.

Each Director consents to the lodgment of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- Certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- Information is known to Applicants or their professional advisers by virtue of any legislation or laws of any State or Territory of Australia or the Commonwealth of Australia.

This Prospectus is dated **21 December 2015**

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**Christopher West**

Director

For and on behalf of

Phillips River Mining Limited

## 15. GLOSSARY

<b>\$, A\$, or AUD</b>	means the lawful currency of the Commonwealth of Australia.
<b>Acquisition</b>	means the acquisition by the Company of the Coal Assets and Phosphate Assets from Kiwanda and Lara pursuant to the Kiwanda Transaction Documents.
<b>Advanced Share Registry</b>	means Advanced Share Registry Limited (ABN 14 127 175 946).
<b>AEST</b>	means Australian Eastern Standard time
<b>Annual Report</b>	means an Annual Report of the Company.
<b>Applicant</b>	means a person who applies for New Shares in accordance with this Prospectus.
<b>Application Monies</b>	means money received by the Company pursuant to the Offer being the issue price of \$0.25 per New Share multiplied by the number of New Shares applied for.
<b>Assets</b>	means the Coal Assets and the Phosphate Assets.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.
<b>ASX Information Form</b>	means the document entitled "Information Form and Checklist (ASX Listing)" contained in Appendix 1A of the ASX Listing Application and Agreement.
<b>ASX Listing Rules</b>	means the listing rules of the ASX.
<b>ASX Settlement Operating Rules</b>	means the settlement rules of the securities clearing house which operates CHESS.
<b>BiFox</b>	means Compania Minera de Fosfatos Naturales BiFox Ltda.
<b>Board</b>	means the board of Directors unless the context indicates otherwise.
<b>BiFox/SCM Option</b>	means the option granted to Phosphate Alliance pursuant to an agreement between Phosphate Alliance and BiFox and SCM (as amended and varied from time to time including but not limited to by the Fourth Extension Agreement).
<b>Business Day</b>	means Monday to Friday (inclusive) in Sydney, Australia, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
<b>Carbhid</b>	means Carbhid SAS, a Colombia based coal mining company.
<b>CDE</b>	means Consejo de Defensa del Estado.
<b>CHESS</b>	means Clearing House Electronic Sub-Register System.
<b>Closing Date</b>	means 29 January 2016, being the date specified in Section 2 ( <i>Timetable</i> ) and in Section 4.10 ( <i>Closing Date</i> ).
<b>Coal Alliance</b>	means Andean Coal Alliance (BVI) Ltd.
<b>Coal Assets</b>	has the meaning given to it in Section 6 ( <i>Proposed Kiwanda Transaction</i> ) of this Prospectus.
<b>Company</b>	means Phillips River Mining Limited (ACN 004 287 790).
<b>Constitution</b>	means the constitution of the Company at the date of this Prospectus.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Directors</b>	means the directors of the Company at the date of this Prospectus.
<b>Eligible Shareholder</b>	means a Shareholder of the Company as at the Record Date.
<b>Entitlement</b>	means the entitlement of each Eligible Shareholder (and each Entitlement Holder) to 10,000 New Shares at an issue price of \$0.25 per New Share.



<b>Entitlement and Acceptance Form</b>	means the form entitled "Entitlement and Acceptance Form" in "Annexure A" to this Prospectus.
<b>Existing Share</b>	Means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.
<b>Explanatory Statement</b>	means the Notice of Meeting and Explanatory Statement issued to Shareholders by the Company for the purpose of the extraordinary general meeting convened 15 May 2015.
<b>Escalones Mining Lease</b>	means the Escalones Mining Lease from Carbhid described in the "Coal Assets" details in Section 6 ( <i>Proposed Kiwanda Transaction</i> ) of this Prospectus.
<b>Escalones Option</b>	means the option granted in favour of Coal Alliance pursuant to an agreement between Coal Alliance and Carbhid in respect of the Escalones Mining Lease.
<b>Fourth Extension Agreement</b>	means the agreement entitled "Fourth Extension Agreement" between Kiwanda Chile S.A. (a Kiwanda Group controlled entity), SCM Bahia Inglesa and Compania Minera de Fosfatos Naturales Limitada or Bifox LTDA dated 1 October 2014.
<b>Heads of Agreement</b>	means the agreement entitled "Definitive Agreement" entered by the Company, Kiwanda and Lara on 14 October 2014 in connection with the Acquisition
<b>Independent Valuer</b>	means HDR Exploration Pty Ltd (ACN 126 035 541) (previously known as "Salva Resources Pty Ltd").
<b>JORC</b>	means Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
<b>JORC Code</b>	means the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.
<b>JORC Report</b>	means a written report which complies with the JORC Code.
<b>Kiwanda Australia</b>	means Kiwanda Australia Pty Limited (ACN 169 130 214).
<b>Kiwanda Assets</b>	has the same meaning ascribed to it in the Explanatory Statement.
<b>Kiwanda Group</b>	means Kiwanda Group LLC.
<b>Kiwanda Mines</b>	means Kiwanda Mines (NA) LLC.
<b>Kiwanda Transaction</b>	means the transaction described in Section 6 ( <i>Proposed Kiwanda Transaction</i> ) of this Prospectus.
<b>Kiwanda Transaction Documents</b>	means the transaction documents in connection with the Kiwanda Transaction.
<b>Ki Exploration Licenses</b>	has the meaning given to it in the "Phosphate Assets" details of Section 6 ( <i>Proposed Kiwanda Transaction</i> ).
<b>Lara</b>	means Lara Exploration Limited.
<b>Loans</b>	means certain loans provided by Kiwanda Mines to the Company as described in Section 10 ( <i>Additional Information</i> ).
<b>New Share</b>	means a Share offered in this Prospectus.
<b>Offer</b>	means the renounceable Entitlement the subject of this Prospectus.
<b>Official Quotation</b>	means official quotation on ASX.
<b>Options</b>	means the BiFox/SCM Option and the Pelaya Option.
<b>Pelaya Coal Project</b>	means the means the project referred to as the "Pelaya Coal Project" and described in the "Coal Assets" details in Section 6 ( <i>Proposed Kiwanda Transaction</i> ) of this Prospectus.
<b>Pelaya Letter of Intent</b>	means the agreement entitled "Letter of Intent ("LOI") Option over Coal Mining Concession Area Located in Pelara (Colombia) between (amongst others, Andean Coal (BVI), Ltd, Mils Thompson, Marlen T Coronado, Miguel Orlando, Jaramillo Rodriguez, Carlos A C Giron, German Reyes, G A Sanchez dated 10 August 2013.
<b>Pelaya License</b>	means the mining exploration licence in connection with the Pelaya

	Coal Project.
<b>Pelaya Option</b>	means the option in favour of Kiwanda to acquire all the interest in the Pelaya Licence pursuant to the Pelaya Letter of Intent and as described in the "Coal Assets" details in Section 6 (Proposed Kiwanda Transaction) of this Prospectus.
<b>Pelaya Option Agreement</b>	means the agreement to be entered into for the purchase of 100% interest in Carbones de Pelaya S.A.S, as detailed in, and pursuant to, the Pelaya Letter of Intent.
<b>Phosphate Alliance</b>	means Kiwanda Phosphate Alliance (BVI) Limited.
<b>Phosphate Assets</b>	has the meaning given in Section 6 ( <i>Proposed Kiwanda Transaction</i> ) of this Prospectus.
<b>Prospectus</b>	means this Prospectus dated 21 December 2015.
<b>Purchase Option Agreement</b>	means the agreement to be entered into for the purchase of certain tenements held by BiFox and SCM as detailed in, and pursuant to, the Fourth Extension Agreement.
<b>Record Date</b>	means the date which is 3 days after the date of the Prospectus.
<b>Relevant Financial Statements</b>	means the following documents: (a) the 2014 Annual Report lodged with the ASX on 1 October 2014; (b) the 2013 Annual Report lodged with the ASX on 30 September 2013; and (c) the 2012 Annual Report lodged with the ASX on 1 October 2012.
<b>SCM</b>	means SCM Bahia Inglesa Ltda.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of a Share.
<b>Shareholder Meeting</b>	means the extraordinary general meeting of Shareholders convened on 15 May 2015 and referred to in Section 2 ( <i>Timetable</i> ).
<b>Timetable</b>	means the timetable set out in Section 2 of this Prospectus.
<b>Transaction</b>	means the transaction detailed in, and pursuant to, the Heads of Agreement.
<b>Underwriter</b>	means Kiwanda Mines.
<b>Underwritten Shares</b>	means the New Shares for which valid Application Monies have not been received by the Company by the Closing Date.
<b>Vendors</b>	means Kiwanda Mines and Lara.

**PHILLIPS RIVER MINING LIMITED**  
**ACN 004 287 790**

**WARNING: This document is important. If you do not Understand this form, you should consult your professional adviser before investing.**

**SRN/HIN**

## Entitlement and Acceptance Form

In this Sale of Entitlement Form, a word or phrase defined in the Prospectus issued by the Company on 21 December 2015 (Prospectus) has the same meaning as in the Prospectus.

As an Eligible Shareholder you are entitled to acquire New Shares at an issue price of \$0.25 per New Share. You will receive an allocation of 10,000 New Shares. You may apply for more than 10,000 New Shares and these will be allocated subject to demand.

**IF YOU ELECT TO PAY BY BPAY YOU DO NOT NEED TO COMPLETE AND RETURN THIS FORM YOUR APPLICATION WILL BE DETERMINED BASED UPON THE AMOUNT YOU SUBSCRIBE.**

If you decide not to take up your Entitlement at all, you do not need to take any action. This Offer closes at 5:00pm (AEST) on 29 January 2016.

PLEASE COMPLETE BELOW (using block letters) – refer overleaf for details and further instructions on how to complete this form.

I/We apply for the following number of shares and attach a cheque, money order or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount payable:

<b>A</b>	Entitlements applied for		at	Price per New Share		<b>B</b>	Application Monies
	<input type="text"/>			<b>A\$</b>	<b>0.25</b>		<input type="text"/>

Email Address (only used for purpose of electronic communication of shareholder information)

Telephone Number where you can be contacted during Business Hours

Contact Name (PRINT)

For payment by BPAY®, please follow the instructions:

<b>D</b>	 <div><b>Biller Code:</b> <b>Ref:</b></div> <p><b>Telephone &amp; Internet Banking – BPAY®</b> Contact your bank or financial institution to make this payment from your cheque, savings, debit, credit card or transaction account. More info: <a href="http://www.bpay.com.au">www.bpay.com.au</a></p>
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Cheques or bank drafts to be attached to this form and returned to [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)

<b>C</b>	Cheque Number	BSB	Account Number
	<input type="text"/>	<input type="text"/>	<input type="text"/>
		Total Amount	<b>A\$</b> <input type="text"/>

**PHILLIPS RIVER MINING LIMITED**  
**ACN 004 287 790**

**ENTITLEMENTS ISSUE CLOSES 5:00PM (AEST) ON 29 January 2016**

**1. Completion of the Entitlement and Acceptance Form**

If you are paying by BPAY just follow the BPAY instructions

**DO NOT COMPLETE THE FORM OR RETURN THE FORM IF PAYING BY BPAY.**

Only complete the Entitlement and Acceptance Form if you are paying by cheque or bank draft.

If paying by cheque complete all relevant sections of the Entitlement and Acceptance Form **USING BLOCK LETTERS**.

**A. Application for New Shares**

If paying by cheque, please enter into Section A the number of shares you wish to apply for.

**B. Payment amount**

Please enter into Section B the total amount of the cheque or bank draft for payment of your shares at the issue price of A\$0.25 per share. To calculate the total amount required for payment, multiply the number of shares you wish to apply for in Section A by A\$0.25.

**Contact Details**

Please enter the notice details of the applicant, including details of the address and e-mail.

**C. CHESS details**

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number in Section E).

**D. Contact details**

Please enter your contact telephone number where we may contact you regarding your acceptance, if necessary.

**E. Cheque, money order or bank draft details**

Please enter your cheque, money order or bank draft details in Section C. Cheques, money orders or bank drafts must be drawn on an Australian branch of an Australian bank in Australian currency, made payable to:

**“Phillips River Mining Limited Share Issue A/C”** and crossed **“Not Negotiable”**.

**F. Payment by BPAY®**

For payment by BPAY®, please follow the instructions in Section D.

**2. How to lodge your Entitlement and Acceptance Form**

The completed Entitlement and Acceptance Form with the Application Monies may be mailed to the postal address, set out below.

**Postal Delivery**

Phillips River Mining Limited  
C/- Advanced Share Registry Limited,  
PO Box Q1736,  
Queen Victoria Building  
NSW 1230

**Your completed Entitlement and Acceptance Form and Application Monies must be received by the Company no later than 5:00pm (AEST) on 29 January 2016.** Entitlement and Acceptance Forms received after 5:00pm (AEST) on **29 January 2016** will be rejected and Application Monies (without interest) returned to the Applicant.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Company on (02) 9262 2922 during business hours.**

A completed Entitlement and Acceptance Form is an offer by an Eligible Shareholder or Entitlement Holder to the Company to subscribe for New Shares in the Australian dollar amount specified in the Entitlement and Acceptance Form at the price on the terms and conditions set out in this Prospectus and the Entitlement and Acceptance Form. To the extent permitted by law, an application by an Eligible Shareholder or Entitlement Holder under the Offer is irrevocable.

The Company reserves the right to decline any Entitlement and Acceptance Form in whole or in part, without giving any reason. An Entitlement and Acceptance Form may be accepted by the Company (at its absolute discretion) in respect of the full number, or selected number, of New Shares specified in the Entitlement and Application Form or any of them, without further notice to an Eligible Shareholder or Entitlement Holder. Acceptance of an Entitlement and Acceptance Form will give rise to a binding contract.

We advise that the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the securities you hold) to be included in the register of Phillips River Mining Limited. If some or all of the information is not collected, it might not be possible to administer your shareholding. Information must continue to be included in the register if you cease to be a shareholder. Information in the register is available for inspection by you and the public (upon payment of a fee) as permitted under the *Corporations Act 2001*. These obligations are not altered by the Privacy Amendment (Private Sector) Act. The information is collected by the Phillips River Mining Limited, Advanced Share Registry Limited, and may also be disclosed to regulatory bodies (such as the Australian Taxation Office), print service providers and mail houses.